



**THE PHILIPPINE STOCK
EXCHANGE, INC. Corporate
Governance Guidelines
for
Listed Companies
Disclosure Template**

	COMPLY	EXPLAIN
Guideline No. 1: DEVELOPS AND EXECUTES A SOUND BUSINESS STRATEGY		
1.1 Have a clearly defined vision, mission and core values.	Yes	Company website; Annual Report to Stockholders; Revised Manual on Corporate Governance; Business Conduct Policy Handbook.
1.2 Have a well developed business strategy.	Yes	SEC Form 17-A: Annual Report; Revised Manual on Corporate Governance.
1.3 Have a strategy execution process that facilitates effective performance management, and is attuned to the company's business environment, management style and culture.	Yes	SEC Form 17-A: Annual Report; Revised Manual on Corporate Governance.
1.4 Have its board continually engaged in discussions of strategic business issues.	Yes	Revised Manual on Corporate Governance; Minutes of Board Meetings.
Guideline No. 2: ESTABLISHES A WELL-STRUCTURED AND FUNCTIONING BOARD		
2.1. Have a board composed of directors of proven competence and integrity.	Yes	Amended By-Laws; Revised Manual on Corporate Governance.
2.2. Be lead by a chairman who shall ensure that the board functions in an effective and collegial manner.	Yes	Amended By-Laws; Revised Manual on Corporate Governance.
2.3 Have at least three (3) or thirty percent (30%) of its directors as independent directors.	No	RCI has 2 independent directors who comprise more than 20% of the 9 directors. This complies with the requirements of Section 38 of the Securities Regulation Code and RCI's Revised Manual on Corporate Governance.
2.4 Have in place written manuals, guidelines and issuances that outline procedures and processes.	Yes	Amended By-Laws; CADP Code of Business Conduct Policy; CADP Safety Code; Revised Manual on Corporate Governance; Risk Management Policy; Roxaco Employee Handbook.
2.5 Have Audit, Risk, Governance and Nomination & Election Committees of the board.	Yes	Revised Manual on Corporate Governance.

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

Company Name: **ROXAS AND COMPANY, INC.**Date: **31 March 2014**

2.6	Have its Chairman and CEO positions held separately by individuals who are not related to each other.	No	The Chairman and CEO positions are held by the same person. This situation, which is temporary, was a result of the resignation of the former CEO sometime in August 2009. A search for a qualified person to occupy the CEO position is on-going.
2.7	Have a director nomination and election process that ensures that all shareholders are given the opportunity to nominate and elect directors individually based on the number of shares voted.	Yes	Amended By-Laws; Minutes of Annual Stockholder's Meeting; Revised Manual on Corporate Governance.
2.8	Have in place a formal board and director development program.	No	RCI does not have a formal board and director development program. However, its directors and officers attend seminars on good corporate governance, as required under SEC Memorandum Circular No. 20, Series of 2013.
2.9	Have a corporate secretary.	Yes	Amended By-Laws; Revised Manual on Corporate Governance.
2.10	Have no shareholder agreements, by-laws provisions, or other arrangements that constrains the directors' ability to vote independently.	Yes	Amended By-Laws; Revised Manual on Corporate Governance.
Guideline No. 3: MAINTAINS A ROBUST INTERNAL AUDIT AND CONTROL SYSTEM			
3.1	Establish the internal audit function as a separate unit in the company which would be overseen at the Board level.	Yes	Audit Committee Charter; Revised Manual on Corporate Governance.
3.2	Have a comprehensive enterprise-wide compliance program that is annually reviewed.	Yes	Audit Committee Charter; Revised Manual on Corporate Governance.
3.3	Institutionalize quality service programs for the internal audit function.	Yes	Audit Committee Charter; Revised Manual on Corporate Governance.
3.4	Have in place a mechanism that allows employees, suppliers and other stakeholders to raise valid issues.	Yes	Revised Manual on Corporate Governance; Roxaco Employee Handbook; CADP Business Conduct and Policy Handbook.
3.5	Have the Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	No	There is an internal audit, control and compliance system that is in place but it has not been RCI's practice to have the same attested to by its Chief Executive Officer and Chief Audit Executive.
Guideline No. 4: RECOGNIZES AND MANAGES ITS ENTERPRISE RISKS			
4.1	Have its board oversee the company's risk management function.	Yes	Audit Committee Charter; Revised Manual on Corporate Governance; Amended By-Laws.

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4.2	Have a formal risk management policy that guides the company's risk management and compliance processes and procedures.	Yes	Audit Committee Charter; Revised Manual on Corporate Governance.
4.3	Design and undertake its Enterprise Risk Management (ERM) activities on the basis of, or in accordance with, internationally recognized frameworks such as but not limited to, COSO, (The Committee of Sponsoring Organizations of the Treadway Commission) I and II.	Yes	Audit Committee Charter; Revised Manual on Corporate Governance.
4.4	Have a unit at the management level, headed by a Risk Management Officer (RMO).	Yes	Audit Committee Charter; Revised Manual on Corporate Governance; General Information Sheet.
4.5	Disclose sufficient information about its risk management procedures and processes as well as the key risks the company is currently facing including how these are being managed.	Yes	Audit Committee Charter; Revised Manual on Corporate Governance; Minutes of the Audit and Risk Committee Meetings.
4.6	Seek external technical support in risk management when such competence is not available internally.	Yes	Audit Committee Charter; Revised Manual on Corporate Governance.
Guideline No. 5: ENSURES THE INTEGRITY OF FINANCIAL REPORTS AS WELL AS ITS EXTERNAL AUDITING FUNCTION			
5.1	Have the board Audit Committee approve all non-audit services conducted by the external auditor. The Committee should ensure that the non-audit fees do not outweigh the fees earned from the external audit.	Yes	Audit Committee Charter; Revised Manual on Corporate Governance.
5.2	Ensure that the external auditor is credible, competent, and should have the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Yes	Audit Committee Charter; Revised Manual on Corporate Governance.
5.3	Ensure that the external auditor has adequate quality control procedures.	Yes	Audit Committee Charter; Revised Manual on Corporate Governance.
5.4	Disclose relevant information on the external auditors.	Yes	Audit Committee Charter; Revised Manual on Corporate Governance; Minutes of the Audit and Risk Committee Meetings; Various disclosures to PSE.
5.5	Ensures that the external audit firm is selected on the basis of a fair and transparent tender process.	Yes	Audit Committee Charter; Revised Manual on Corporate Governance; Minutes of the Audit and Risk Committee Meetings.
5.6	Have its audit committee conduct regular meetings and dialogues with the external audit team without anyone from management present.	Yes	Audit Committee Charter; Revised Manual on Corporate Governance; Minutes of the Audit and Risk Committee Meetings.
5.7	Have the financial reports attested to by the Chief Executive Officer and Chief Financial Officer.	Yes	Audit Committee Charter; Audited Financial Statement; Revised Manual on Corporate Governance.

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5.8	Have a policy of rotating the lead audit partner every five years.	Yes	Audit Committee Charter; Revised Manual on Corporate Governance.
Guideline No. 6: RESPECTS AND PROTECTS THE RIGHTS OF ITS SHAREHOLDERS, PARTICULARLY THOSE THAT BELONG TO THE MINORITY OR NON- CONTROLLING GROUP			
6.1	Adopt the principle of “one share, one vote.”	Yes	Amended By-Laws; Minutes of the Annual Stockholder’s Meeting; Revised Manual on Corporate Governance.
6.2	Ensure that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Yes	Amended By-Laws; Minutes of the Annual Stockholder’s Meeting; Revised Manual on Corporate Governance.
6.3	Have an effective, secure and efficient voting system.	Yes	Amended By-Laws; Minutes of the Annual Stockholder’s Meeting; Revised Manual on Corporate Governance.
6.4	Have effective shareholder voting mechanisms such as supermajority or “majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.	No	RCI does not have a special shareholding voting policy but it complies with the minimum voting requirements for the approval of certain corporate acts as specified in the Corporation Code.
6.5	Provide all shareholders with the notice and agenda of the annual general meeting (AGM) at least thirty (30) days before a regular meeting and twenty (20) days before a special meeting.	Yes	The Amended By-Laws provides that the regular meetings of stockholders may be held without prior notice while notices for special meetings may be sent to its stockholders at least 10 days prior to the date of meeting.
6.6	Allow shareholders to call a special shareholders meeting, submit a proposal for consideration at the AGM or the special meeting, and ensure the attendance of the external auditor and other relevant individuals to answer shareholder questions in such meetings.	Yes	Amended By-Laws; Revised Manual on Corporate Governance.
6.7	Ensure that all relevant questions during the AGM are answered.	Yes	Minutes of Annual Stockholder’s Meeting; Revised Manual on Corporate Governance.
6.8	Have clearly articulated and enforceable policies with respect to treatment of minority shareholders.	Yes	Revised Manual on Corporate Governance.
6.9	Avoid anti-takeover measures or similar devices that may entrench management or the existing controlling shareholder group.	Yes	Amended By-Laws; Revised Manual on Corporate Governance.
6.10	Provide all shareholders with accurate and timely information regarding the number of shares of all classes held by controlling shareholders and their affiliates.	Yes	Company Website; SEC Form 17-A: Annual Report; SEC Form 17-IS: Information Statement.

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

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6.11	Have a communications strategy to promote effective communication with shareholders.	Yes	Company Website; Revised Manual on Corporate Governance.
6.12	Have at least thirty percent (30%) public float to increase liquidity in the market.	Yes	Public Ownership Report.
6.13	Have a transparent dividend policy.	No	RCI's ability to declare and pay dividends is generally restricted and guided by the pertinent provisions of the Corporation Code.
Guideline No. 7: ADOPTS AND IMPLEMENTS AN INTERNATIONALLY-ACCEPTED DISCLOSURE AND TRANSPARENCY REGIME			
7.1	Have written policies and procedures designed to ensure compliance with the PSE and SEC disclosure rules, as well as other disclosure requirements under existing laws and regulations.	Yes	Revised Manual on Corporate Governance.
7.2	Disclose the existence, justification, and details on shareholders agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Yes	Revised Manual on Corporate Governance.
7.3	Disclose its director and executive compensation policy.	Yes	Revised Manual on Corporate Governance; SEC Form 17-A; Annual Report; SEC Form 17-IS: Information Statement.
7.4	Disclose names of groups or individuals who hold 5% or more ownership interest in the company, significant cross-shareholding relationship and cross guarantees, as well as the nature of the company's other companies if it belongs to a corporate group.	Yes	SEC Form 17-A: Annual Report; SEC Form 17-IS: Information Statement; Top 20 Shareholders Report; Public Ownership Report.
7.5	Disclose annual and quarterly consolidated reports, cash flow statements and special audit revisions. Consolidated financial statements shall be published within 90 days from the end of the financial year, while interim reports shall be published within 45 days from the end of the reporting period.	Yes	SEC Form 17-A: Annual Report; SEC Form 17-Q: Quarterly Report; Audited Financial Statement.
7.6	Disclose to shareholders and the Exchange any changes to its corporate governance manual and practices, and the extent to which such practices conform to the SEC and PSE CG Guidelines.	Yes	Revised Manual on Corporate Governance.
7.7	Publish and/or deliver to its shareholders in a timely fashion all information and materials relevant to corporate actions that require shareholder approval.	Yes	SEC Form 17-IS: Information Statement; SEC Form 17-A: Annual Report.
7.8	Disclose the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This shall also include the disclosure of the company's purchase of its shares from the market (e.g share buy-back program).	Yes	SEC Form 17-A: Annual Report; SEC Form 17-C: Current Report; SEC Form 17-IS: Information Statement; Various disclosures to SEC and PSE.

CORPORATE GOVERNANCE GUIDELINES: DISCLOSURE SURVEY

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7.9	Disclose in its annual report the principal risks to minority shareholders associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	Yes	Revised Manual on Corporate Governance; SEC Form 17-A: Annual Report; SEC Form 17-IS: Information Statement.
Guideline No. 8: RESPECTS AND PROTECTS THE RIGHTS AND INTERESTS OF EMPLOYEES, COMMUNITY, ENVIRONMENT, AND OTHER STAKEHOLDERS			
8.1	Establish and disclose a clear policy statement that articulates the company's recognition and protection of the rights and interests of key stakeholders specifically its employees, suppliers & customers, creditors, as well the community, environment and other key stakeholder groups.	Yes	CADP Code of Business Conduct Policy; Revised Manual on Corporate Governance; Roxaco Employee Handbook.
8.2	Have in place a workplace development program.	Yes	CADP Code of Business Conduct Policy; Revised Manual on Corporate Governance; Roxaco Employee Handbook.
8.3	Have in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.	Yes	Revised Manual on Corporate Governance; Roxaco Employee Handbook.
8.4	Have in place a community involvement program.	Yes	Company website on Corporate Social Responsibility.
8.5	Have in place an environment-related program.	Yes	Company website on Corporate Social Responsibility.
8.6	Have clear policies that guide the company in its dealing with its suppliers, customers, creditors, analysts, market intermediaries and other market participants.	Yes	CADP Code of Business Conduct Policy; Roxaco Employee Handbook; Revised Manual on Corporate Governance.
Guideline No. 9: DOES NOT ENGAGE IN ABUSIVE RELATED-PARTY TRANSACTIONS AND INSIDER TRADING			
9.1	Develop and disclose a policy governing the company's transactions with related parties.	No	The RCI Board has directed management to draft a policy governing related-party transactions for the consideration of, and approval by, the Board.

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9.2	Clearly define the thresholds for disclosure and approval for RPTs and categorize such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPT within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	No	Same answer as in 9.1.
9.3	Establish a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions in shareholders meetings.	No	RCI discloses to its shareholders all its RPTs in its Annual Report/Audited Financial Statements. However, it does not have a voting system whereby a majority of non-related party shareholders approve specific types of related-party transactions.
9.4	Have its independent directors or audit committee play an important role in reviewing significant RPTs.	Yes	Audit Committee Charter; Amended By-Laws; Revised Manual on Corporate Governance.
9.5	Be transparent and consistent in reporting its RPTs. A summary of such transactions shall be published in the company's annual report.	Yes	Audit Committee Charter; Revised Manual on Corporate Governance.
9.6	Have a clear policy in dealing with material non-public information by company insiders.	Yes	Revised Manual on Corporate Governance.
9.7	Have a clear policy and practice of full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management.	Yes	SEC Form 17-A: Annual Report; SEC Form 17-IS: Information Statement; Revised Manual on Corporate Governance.
Guideline No. 10: DEVELOPS AND NURTURES A CULTURE OF ETHICS, COMPLIANCE, & ENFORCEMENT			
10.1	Formally adopt a code of ethics and proper conduct that guides individual behavior and decision making, clarify responsibilities, and inform other stakeholders on the conduct expected from company personnel.	Yes	Revised Manual on Corporate Governance; CADP Code of Business Conduct Policy; CADP Safety Code; Roxaco Employee Handbook.
10.2	Have a formal comprehensive compliance program covering compliance with laws and relevant regulations. The program should include appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Yes	Revised Manual on Corporate Governance; CADP Code of Business Conduct Policy; Roxaco Employee Handbook.
10.3	Not seek exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. Should it do so, it has to disclose the reason for such action as well present the specific steps being taken to finally comply with the applicable law, rule or regulation.	Yes	Revised Manual on Corporate Governance; CADP Code of Business Conduct Policy.
10.4	Have clear and stringent policies and procedures on curbing and penalizing company or employee involvement in offering, paying and receiving bribes.	Yes	Revised Manual on Corporate Governance; CADP Code of Business Conduct Policy; Roxaco Employee Handbook.

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Date: **31 March 2014**

10.5	Have a designated officer responsible for ensuring compliance with all relevant laws, rules, and regulation, as well as all regulatory requirements.	Yes	Revised Manual on Corporate Governance; CADP Code of Business Conduct Policy.
10.6	Respect intellectual property rights.	Yes	Revised Manual on Corporate Governance.
10.7	Establish and commit itself to an alternative dispute resolution system so that conflicts and difference with counterparties, particularly with shareholders and other key stakeholders, would be settled in a fair and expeditious manner.	Yes	Revised Manual on Corporate Governance.

*List of attached documents.

Annex	Title of Document
A	Annual Report to Stockholders
B	RCI Audit Committee Charter
C	RCI Amended By-Laws
D	CADP Code of Business Conduct Policy
E	CADP Safety Code
F	RCI Revised Manual on Corporate Governance
G	Roxaco Employee Handbook

This is to certify that the undersigned reviewed the contents of this document and to the best of my knowledge and belief, the information contained set forth in this document is true, complete and correct.

Done this MAR 28 2014 in Makati City.


CORAZON S. DELA PAZ-BERNARDO

Independent Director

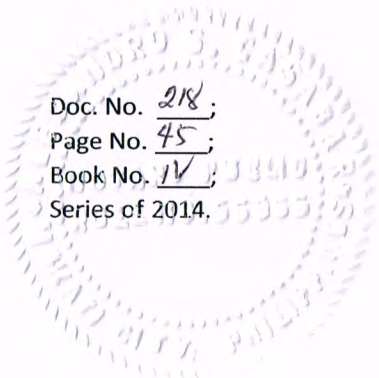

PEDRO E. ROXAS

President & CEO

MAR 28 2014

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in Makati City this _____ day of March 2014, affiants exhibiting to me their respective Community Tax Certificates and valid identification cards as indicated below.

Name	Valid ID	Valid Until
Corazon S. Dela Paz-Bernardo	Phil. Passport No. EB5032144	27 March 2017
Pedro E. Roxas	Phil. Passport No. EB0094507	12 April 2015



ALEJANDRO S. CASABAR
 Appointment No. M-454
 Notary Public for Makati City
 Until December 31, 2014
 7th Floor CG Building, 101 Aguirre Street
 Legaspi Village, Makati City
 Roll of Attorneys NO. 55665
 PTR No. 4230996/01-06-14/Makati City
 IBP LRN No. 07519/04-11-08/Makati Chapter
 MCLC Compliance No. IV-0013193/03-11-13





ANNEXES

Annex	Title of Document
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B	RCI Audit Committee Charter
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D	CADP Code of Business Conduct Policy
E	CADP Safety Code
F	RCI Revised Manual on Corporate Governance
G	Roxaco Employee Handbook



A N N E X “A”

Annual Report to Stockholders



Roxas
& Company, Inc.

2013 ANNUAL REPORT

G ***eener*** on our side

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Vision

Roxas & Company, Inc. aims to be a premier publicly-listed holding firm with investments in the country's leading sugar cane-based solutions provider and property development business.

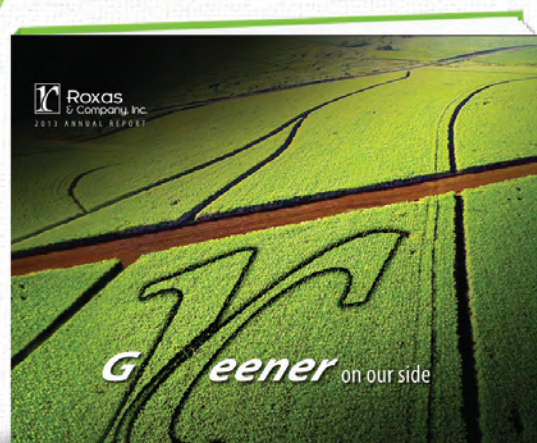
We strive to be a leader in all our business undertakings, empowering lives and delivering value to our stakeholders.

Mission

- To maintain businesses that deliver superior results to customers and other stakeholders.
- To deliver long-term growth in shareholder value.
- To be a responsible corporate citizen by participating in nation- and community-building.
- To ensure that our businesses promote environmental protection and sustainable development practices.
- To provide nurturing environment to develop and empower our people.

Values

- R - Resiliency and Reliability
- O - Observance of Good Corporate Governance Practices
- X - eXcellence and Innovation
- A - Accountability and Integrity
- S - Social Responsibility and Nation-Building



About the Cover

Greener on our side

It's verdant as far as the eyes can see. And at Roxas & Company, Inc., we have an eye on the present and a clear vision of what's in store. Green is the color of success, promise and opportunity: three key elements that appropriately describe Roxas & Company, Inc. Throughout the years, we have been consistent in delivering goods and services that not only give value to our clients and to their respective customers and publics, but have raised the quality of life of our people, our host communities, and the society.

But the horizon offers even more and better opportunities. The land is rich and the time is ripe to make the most out of it. Aside from strengthening our core businesses, Roxas & Company is set to literally break ground to penetrate the real estate industry with some of the most ambitious and carefully planned communities and edifices.

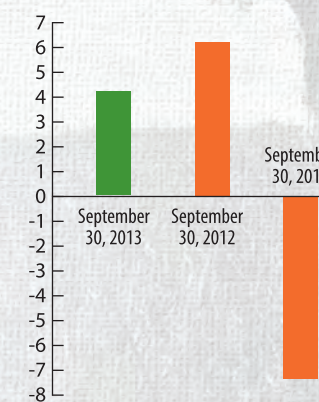
This impending diversification validates our Company's status as one of the nation's best stewards of the land.

Indeed, it is greener on our side.

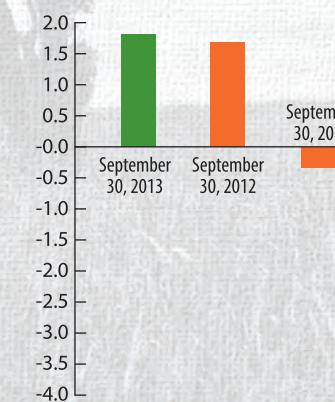
Financial Highlights

(Amount in Millions) <i>except for the last two items</i>	September 30, 2013	September 30, 2012	September 30, 2011
Revenues	6,172,486	7,769,480	1,425,801
Operating Income (Loss)	1,082,394	980,834	(583,244)
Net Income (Loss)	419,827	632,428	(778,013)
Total Equity	10,281,259	10,080,730	9,305,888
EBITDA	1,688,591	1,612,805	(397,141)
Earnings (Loss) per share	0.09	0.22	(0.27)
Debt to Equity Ratio	0.98	0.95	1.22

Net Income (Loss)



EBITDA





Chairman/PCEO's Message

Dear shareholders:

A convergence of global and local developments last year in both sugar and real estate fronts provided your Company opportunities to set the stage for inclusive exponential growth in the next few years.

Drawing on its core strengths, and focused on establishing channels that will further fortify its foundations, Roxas & Company built on the competencies of its subsidiaries in accordance with these developments and in line with its vision of achieving phenomenal growth while enriching the lives of people through sugar and real estate.

Global and local industry scenarios

World sugar prices continued to decline while local prices remained low and flat — a challenging situation for our sugar subsidiary, Roxas Holdings, Inc., especially in the face of the 2015 tariff reduction that will expose the Philippine sugar industry to intense competition from neighbouring Asian sugar producers who may deluge the market with the commodity at lower prices. Nonetheless, it is an acid test for the traditional but continually evolving sugar industry.

The real estate sector, however, was on an upward trajectory, both internationally and locally — raising prospects for expansive growth that can spell a major change in the economic landscape.

Roxas & Company's performance

Your Company's net income slid 5% to PhP419.8 million from PhP442.3 million in the previous year.

But it is optimistic that its performance for the next fiscal year will continue to improve, amid the challenges in the respective industries of its core businesses.

Aware of the need to move quickly and set the stage for further growth, your Company sold last November 13, 31% of its 66% share in Roxas Holdings to First Pacific Natural Resource Holdings, BV in Hong Kong for PhP2.23 billion at PhP8 per share. Roxas & Company, with 35%, remains a major shareholder of Roxas Holdings. It shares management with First Pacific, which now has 34% ownership.

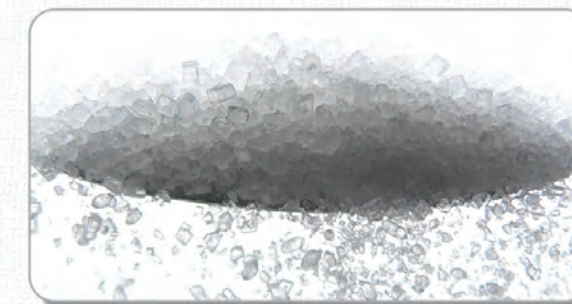
Through its real estate arm, Roxaco Land Corporation, Roxas & Company entered into a 50% – 50% Joint Venture Agreement with Singapore's VH Select Investments (Phil) Pte. Ltd. to build a minimum of five "Go Hotels" in Metro Manila and in selected provincial destinations over the next two to three years for a total estimated project cost of PhP2 billion.

Sugar and real estate

Your Company's main businesses: sugar and real estate, had posted significant developments in the past fiscal year.



Mrsrs. Pedro Roxas, Manny Pangilinan & Renato Valencia during a visit at CADPI.



Roxas SVP Santiago Elizalde and RCI Chairman/PCEO Pedro Roxas during the signing ceremony of Roxaco's deal with VH Select Investments.

Notwithstanding the impact of lower prices and slower demand on its revenues that dropped to PhP6.06 billion from PhP7.6 billion previously, sugar subsidiary Roxas Holdings hit record levels of Net Income Before Tax (NIBT) and Earnings Before Taxes, Depreciation and Amortization (EBITDA) at PhP719 million and PhP1.76 billion, respectively, driven mainly by significant strides in the Company's cost containment measures.

Roxas Holdings' Net Income After Tax (NIAT), however, slowed down to only PhP473 million from PhP607 million due to tax savings from the previous year.

With the proper discipline and strategies in place, Roxas Holdings is confident that it can rise above the challenge of the 2015 tariff reduction on sugar from 48% in 2010 to 5% by January 1 next year while it prepares for industry consolidation and global competition.

A strategic partnership with Hong Kong-based First Pacific Corporation led by Mr. Manny V. Pangilinan also essays a glowing prospect for healthier and aggressive engagements that may help Roxas Holdings gain a foothold in the Asian market.

“We know that only with focused commitment, decisive and strategic actions, and a well-balanced approach for inclusive business growth can we deliver on this promise.”

For Roxas & Company's real estate venture, Roxaco has spent the past year preparing for major projects that it will be launching in the next two years while beefing up its premium offerings through Anya Resort & Residences in Tagaytay City, touted to be the Philippines' first world-class wellness resort brand and Landing Townhomes Community — the first of its kind in Nasugbu, Batangas.

And with its foray into value-hotel business through a partnership with Vanguard Hotels, considered a strategic fit with the future plans of the Company, Roxaco will be busy putting up five “Go Hotels” in Metro Manila in the next two years to cater to the growing number of local tourists, business travellers and foreign visitors.

With the recognition of the Philippines as the best model for the booming domestic travel market in the region, the value-hotel project

of Roxaco with Vanguard will redefine the future of tourism in Asia, as it will account for a significant portion of the 7,000 new rooms needed this 2014 based on the government's 35.5-million target for domestic trips alone.

The Department of Tourism has estimated that over 20,000 new rooms will be in demand by 2016 to serve the growing tourism market, fuelled mainly by a sharp increase of 700% among local travellers in the last five to seven years.

Bolder expectations

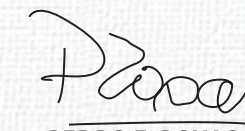
More than ever, your Company is grateful to its stakeholders, officers, Board of Directors who continually support and trust us to take our businesses to greater heights.

Rest assured that we will find more meaningful ways and scout for healthier engagements to further strengthen our operations for both sugar and real estate.

We are aware of the implications of the 2015 tariff reduction on sugar and we will do our best to ensure that Roxas Holdings will stand the test, and expand its presence in the region, while continuing years of preparation for a possible industry consolidation and the inevitable realities of global competition.

In the same way, we are anchoring our hopes on our real estate business too. While some naysayers trumpet a real estate bubble, we are confident that the projects we have started and are on the drawing board will succeed and benefit more Filipinos, and thrust Roxaco as a trusted and respected developer of premium brands that cater across all groups.

Again, thank you and together, let us work harder in catapulting Roxas & Company as a fully-entrenched player in all the key industries where we have interests.



PEDRO E. ROXAS
Chairman & President/CEO



Board of Directors

PEDRO E. ROXAS is 57 years old and is a Filipino. Mr. Roxas is the Chairman of the Nomination, Election and Governance Committee and is a member of the Compensation Committee. He has been a Director of the Company since 18 October 1995. He is currently the Executive Chairman of the Board and the President and Chief Executive Officer of the Company. He is the Chairman of Roxas Holdings, Inc. and other subsidiaries of RHI, Hawaiian-Philippine Company, Club Punta Fuego and Roxaco Land Corporation. Mr. Roxas is the President of Fundacion Santiago; the Chairman of the Philippine Sugar Millers Association, Inc.; the Vice-Chairman of the Asean Sugar Alliance (ASA); an Independent Director of the Philippine Long Distance Telephone Company (PLDT) and the Manila Electric Company (Meralco); a Director of the Banco de Oro

(BDO) Private Bank and Brightnote Assets Corporation; and a Trustee of the Philippine Business for Social Progress. He was educated at Portsmouth Abbey School, USA and at the University of Notre Dame in Indiana, USA where he obtained his degree in Business Administration.

ANTONIO J. ROXAS is 71 years old and is a Filipino. Mr. Roxas is a member of the Nomination, Election and Governance Committee. He has been a Director of the Company since 18 October 1995. Mr. Roxas is also the Chairman Emeritus of Roxas Holdings, Inc., and a director of Central Azucarera Don Pedro, Inc. He was educated at the University of Notre Dame in Indiana, USA where he obtained his diploma in Bachelor of Science in Commerce and was trained at the Standard Chartered Bank of London, the Shell Company in Paris and the Olavarria & Co. and Lowry & Co., Inc. of New York, USA.

01 PEDRO E. ROXAS
Chairman,
President and Chief Executive Officer

02 ANTONIO J. ROXAS
Director



01



CORAZON S. DE LA PAZ-BERNARDO
Director



CARLOS R. ELIZALDE
Director



FRANCISCO JOSE R. ELIZALDE
Director



GUILLERMO D. LUCHANGCO
Director



RENATO C. VALENCIA
Director



02

CORAZON S. DE LA PAZ-BERNARDO is 72 years old and is a Filipino. Mrs. de la Paz-Bernardo is a Honorary President of the International Social Security Association (ISSA), an affiliate of the International Labor Organization based in Geneva, Switzerland. She had served as President of the ISSA from 2004 to 2010, the first woman and first non-European to be elected as such, since its founding in 1927, and as the first woman President of the Social Security System of the Philippines from 2001 to 2008. She is also the first woman, anywhere in the world, to be elected in 1973 as partner of Price Waterhouse International in its over 100-year history. She was Chairman and Senior Partner of Joaquin Cunanan & Co. (PricewaterhouseCoopers, Philippines) for 20 years from 1981 to 2001 and was in the World Board of Price Waterhouse World Firm from 1992 to 1995. Mrs. de la Paz-Bernardo was Chairperson of Equitable PCI Bank from 2006 until its merger with Banco de Oro in 2007. She had served as a member of the board of several listed Philippine corporations such as San Miguel Corp., PLDT, Ayala Land and Philex Mining. She is Chairman of NAMFREL, (the National Citizen's Movement for Free Elections) and Vice-Chairperson of Jaime V. Ongpin Foundation. She is also a member of the Cornell University Council, the Board of Trustees of the University of the East, the UE Ramon Magsaysay Memorial Medical Center, Miriam College, the Makati Business Club and other non-governmental organizations. She is past president of the Philippine Institute of Certified Public Accountants (PICPA), and the first woman President of the Management Association of the Philippines (MAP), the Financial Executives Institute of the Philippines, Inc. (FINEX), the Philippine Fulbright Scholars Association and Cornell Club of the Philippines. She is the recipient of

several other awards including, among others, TOWNS (The Outstanding Women in the Nation's Service), and the Outstanding Professional in Public Accounting from the Professional Regulations Commission. Mrs. de la Paz-Bernardo, a Certified Public Accountant, graduated from the University of the East with a Bachelor of Business Administration degree in 1960, Magna Cum Laude, and obtained first place in the same year's CPA board examination. She obtained her MBA in 1965 from Cornell University in New York as a Fullbright grantee and UE scholar.

CARLOS R. ELIZALDE is 45 years old and is a Filipino. He has been a member of the Board of Directors since 20 November 2002. Mr. Elizalde is the President of ELRO Commercial and Industrial Corp. and ELRO Land Corp., Vice-President of ELRO Trading Corp. and Bais Multifarms, Inc. He is a Director of SPCI Holdings, Inc., Central Azucarera de la Carlota, Inc., Association Agricola de Bais y Tanjay and BATAMA Marketing Cooperative. Mr. Elizalde was educated at the College of Vermont in Burlington, Vermont, USA with a degree in Bachelor of Science in Agricultural Economics.

FRANCISCO JOSE R. ELIZALDE is 47 years old and is a Filipino. He was elected as member of the Board of Directors on 25 June 2009. Mr. Elizalde is the Managing Director of ELRO Corporation and Vice President of its Consumer Goods Business Unit. He is a Director in SPCI Holdings, Inc., ELRO Trading Corporation, ELRO Land, Inc., Bais Multi Farms, Inc., Twenty Four Hours Vendo Machine Corporation, Roxaco Land Corporation, Club Punta Fuego, Inc., and Mutual Fund Management Company of the Philippines, Inc. Mr. Elizalde was educated at Portsmouth Abbey

School, USA and at the University of Vermont, USA where he obtained a degree in Bachelor of Science.

GUILLERMO D. LUCHANGCO is 73 years old and is a Filipino. Mr. Luchangco is the Chairman of the Compensation Committee of RCI. He is the Chairman and Chief Executive Officer of the ICCP Group of Companies which includes: Investment & Capital Corporation of the Philippines, Pueblo de Oro Development Corporation, Regatta Properties, Inc., ICCP Venture Partners, Inc., Cebu Light Industrial Park, Inc., RFM-Science Park of the Philippines, Inc., and ICCP Land Management, Inc.; Chairman and President of Beacon Property Ventures, Inc.; Chairman of Manila Exposition Complex, Inc. He is a Director of Globe Telecom, Inc., Phinma Corp., Phinma Property Holdings Corp., Ionics, Inc., Ionics EMS, Inc., Ionics EMS, Ltd., Ionics Properties, Inc., Remec Broadband Wireless, Inc. and Science Park of the Philippines, Inc.

RENATO C. VALENCIA is 71 years old and is a Filipino. He was elected as a member of the Board of Directors on 07 October 2010. A former Director of RCI prior to its merger with CADP Group Corporation, he is presently the President & CEO of Roxas Holdings, Inc. He is also a Director of Metropolitan Bank & Trust Company; the Chairman of i-People, Inc.; a Director of Anglo-Philippine Holdings Corporation, House of Investments, Inc., Malayan Insurance Company, Inc. and Vulcan Industrial and Mining Corporation; and Board Adviser of the Philippine Veterans Bank. He also served as President/CEO of the Social Security System. He obtained his degree in Bachelor of Science in General Engineering from the Philippine Military Academy and his Master in Business Administration from the Asian Institute of Management.

Audit & Risk Committee



CORAZON S. DE LA PAZ-BERNARDO
Chairman
(Independent Director)

RENATO C. VALENCIA
Member

FRANCISCO JOSE R. ELIZALDE
Member

Compensation Committee



GUILLERMO D. LUCHANGCO
Chairman
(Independent Director)

CORAZON S. DE LA PAZ-BERNARDO
Member
(Independent Director)

PEDRO E. ROXAS
Member

Nomination, Election & Governance Committee



PEDRO E. ROXAS
Chairman

CARLOS R. ELIZALDE
Member

CORAZON S. DE LA PAZ-BERNARDO
Member
(Independent Director)

Corporate Officers



ARMANDO B. ESCOBAR
VP, Chief Finance Officer and
Treasurer & Risk Management Officer

PETER D. A. BAROT
Corporate Secretary

ALEZANDRO S. CASABAR
Assistant Corporate Secretary
and Compliance Officer

ARMANDO B. ESCOBAR is 54 years old and is a Filipino. He is the Vice President - Chief Finance Officer, Treasurer & Risk Management Officer of the Company. He was appointed Executive Vice President for Finance of Roxas Holdings, Inc. on June 1, 2013. Formerly, he was the Group President and Chief Operating Officer of Moldex Group of Companies and Vitarich Corporation; the Senior Vice President and Chief Operating & Special Accounts Management Group Head of Philippine Bank of Communications; and a Director of Bancnet, Inc. Mr. Escobar obtained his Bachelor of Science in Business Management in Ateneo de Manila University. He had MBA units at the University of the Philippines and undertook Executive Business Program at the Harvard Business School and a Post-Graduate course in Strategic Business Economics Program at the University of Asia and the Pacific.

PETER D. A. BAROT is 51 years old and is a Filipino. He is the Corporate Secretary of the Company. He obtained his Bachelor of Arts (Economics) and Bachelor of Laws from the University of the Philippines, and his Master of Laws from the University of Chicago. He is a Partner at the Picazo Buyco Tan Fider & Santos Law Offices.

ALEZANDRO S. CASABAR is 33 years old and is a Filipino. He is the Assistant Corporate Secretary and Compliance Officer of the Company. He is also the Legal Services Manager of Roxaco Land Corporation, the real property arm of the Company. He obtained his Bachelor of Laws degree from San Beda College and his Bachelor of Arts degree from the University of the Philippines - Baguio.

Consolidated Statement of Financial Position

SEPTEMBER 30, 2013
(With Comparative Figures for 2012)
(Amounts in Thousands)

	2013	2012 (As Restated)
ASSETS		
Current Assets		
Cash and cash equivalents	₱198,626	₱199,473
Trade and other receivables - net	1,455,687	895,218
Inventories	1,550,894	779,336
Real estate for sale and development - at cost	387,943	340,533
Other current assets	538,484	479,122
Total Current Assets	4,131,634	2,693,682
Noncurrent Assets		
Receivables - net of current portion	17,089	18,180
Investments in associates	757,559	712,490
Property, plant and equipment - net:		
At cost	7,896,563	8,383,422
At appraised values	2,758,324	2,758,324
Investment properties	4,624,331	4,624,562
Net retirement plan assets	127,145	132,007
Deferred tax assets - net	35,629	151,388
Other noncurrent assets	17,180	37,636
Total Noncurrent Assets	16,233,820	16,818,009
	₱20,365,454	₱19,511,691

	2013	2012 (As Restated)
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term borrowings	₱1,064,027	₱1,638,000
Current portion of long-term borrowings	158,277	165,940
Trade and other payables	781,361	840,231
Income tax payable	51,513	-
Dividends payable	4,444	39,230
Total Current Liabilities	2,059,622	2,683,401
Noncurrent Liabilities		
Long-term borrowings - net of current portion	₱7,211,340	₱6,056,044
Net retirement benefit liability	14,742	86,787
Deferred tax liabilities - net	798,491	794,824
Total Noncurrent Liabilities	8,024,573	6,937,655
Total Liabilities	10,084,195	9,621,056
Equity attributable to the Equity Holders of the Parent Company		
Capital stock	2,911,886	2,911,886
Additional paid-in capital	1,611,393	1,611,393
Revaluation increment on land	1,496,206	1,496,206
Share in revaluation increment on land of an associate	136,322	136,322
Effect of change in equity interest in subsidiaries	(81,066)	(81,066)
Share in fair value reserve of an associate	5,179	5,179
Retained earnings	2,291,154	2,032,837
	8,371,074	8,112,757
Noncontrolling Interests	1,910,185	1,777,878
Total Equity	10,281,259	9,890,635
	₱20,365,454	₱19,511,691

Consolidated Statement of Income

FOR THE YEAR ENDED SEPTEMBER 30, 2013
(With Comparative Figures for 2012 and 2011)
[Amounts in Thousands, Except Basic/Diluted Earnings (Loss) per Share Data]

	2013 (One Year)	2012 (As Restated) (One Year)	2011 (Three Months)
REVENUE	₱6,172,486	₱7,769,599	₱1,425,801
COST OF SALES	(4,494,493)	(5,997,383)	(1,854,555)
GROSS INCOME (LOSS)	1,677,993	1,772,216	(428,754)
GENERAL AND ADMINISTRATIVE EXPENSES	(716,285)	(902,154)	(179,263)
INTEREST EXPENSE	(416,418)	(502,745)	(189,612)
EQUITY IN NET EARNINGS (LOSSES) OF ASSOCIATES	68,027	47,188	(17,982)
SELLING EXPENSES	(40,361)	(78,513)	(10,756)
INTEREST INCOME	7,878	14,649	3,002
OTHER INCOME (CHARGES) - Net	85,142	(62,333)	50,509
INCOME (LOSS) BEFORE INCOME TAX	665,976	288,308	(772,856)
INCOME TAX EXPENSE (BENEFIT)			
Current	126,725	46,284	1,006
Deferred	119,424	(200,309)	4,151
	246,149	(154,025)	5,157
NET INCOME (LOSS)	₱419,827	₱442,333	(₱778,013)
Attributable to:			
Equity holders of the Parent Company	₱258,317	₱212,825	(₱513,362)
Noncontrolling interests	161,510	229,508	(264,651)
	₱419,827	₱442,333	(₱778,013)
BASIC/DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY	₱0.09	₱0.07	(₱0.18)

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED SEPTEMBER 30, 2013
(With Comparative Figures for 2012 and 2011)
(Amounts in Thousands)

	2013 (One Year)	2012 (As Restated) (One Year)	2011 (Three Months)
NET INCOME (LOSS)	₱419,827	₱442,333	(₱778,013)
OTHER COMPREHENSIVE INCOME (LOSS)			
Appraisal increase on land, net of tax effect of P69.1 million in 2012	–	161,131	–
TOTAL COMPREHENSIVE INCOME (LOSS)	₱419,827	₱603,464	(₱778,013)
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	₱258,317	₱373,956	(₱513,362)
Noncontrolling interests	161,510	229,508	(264,651)
	₱419,827	₱603,464	(₱778,013)

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED SEPTEMBER 30, 2013
(With Comparative Figures for 2012 and 2011)
(Amounts in Thousands)

	Equity Attributable to the Equity Holders of the Parent Company									
	Capital Stock	Additional Paid-in Capital	Revaluation Increment on Land	Revaluation Increment on Land of an Associate	Share in Effect of Change in Equity Interest in Subsidiaries	Share in Fair Value Reserved of an Associate	Retained Earnings	Total	Noncontrolling Interests	Total
BALANCES AS AT OCTOBER 1, 2012, AS PREVIOUSLY REPORTED	₱2,911,886	₱1,611,393	₱1,496,206	₱136,322	(₱81,066)	₱5,179	₱2,203,649	₱8,283,569	₱1,796,595	₱10,080,164
Prior period adjustments	–	–	–	–	–	–	(170,812)	(170,812)	(18,717)	(189,529)
AS RESTATED	2,911,886	1,611,393	1,496,206	136,322	(81,066)	5,179	2,032,837	8,112,757	1,777,878	9,890,635
Net income for the year	–	–	–	–	–	–	258,317	258,317	161,510	419,827
Employee stock option	–	–	–	–	–	–	–	–	1,991	1,991
Cash dividends of a subsidiary	–	–	–	–	–	–	–	–	(31,194)	(31,194)
BALANCES AS AT SEPTEMBER 30, 2013	₱2,911,886	₱1,611,393	₱1,496,206	₱136,322	(₱81,066)	₱5,179	₱2,291,154	₱8,371,074	₱1,910,185	₱10,281,259
BALANCES AS AT OCTOBER 1, 2011	₱2,911,886	₱1,611,393	₱1,335,075	₱136,322	(₱81,066)	₱5,179	₱1,820,012	₱7,738,801	₱1,567,087	₱9,305,888
Net income for the year	–	–	–	–	–	–	212,825	212,825	229,508	442,333
Other comprehensive income	–	–	161,131	–	–	–	–	161,131	–	161,131
Total comprehensive income	–	–	161,131	–	–	–	212,825	373,956	229,508	603,464
Cash dividends of a subsidiary	–	–	–	–	–	–	–	–	(18,717)	(18,717)
BALANCES AS AT SEPTEMBER 30, 2012	₱2,911,886	₱1,611,393	₱1,496,206	₱136,322	(₱81,066)	₱5,179	₱2,032,837	₱8,112,757	₱1,777,878	₱9,890,635
BALANCES AS AT JULY 1, 2011	₱2,911,886	₱1,611,393	₱1,335,075	₱136,322	(₱81,066)	₱5,179	₱2,333,374	₱8,252,163	₱1,831,738	₱10,083,901
Net loss for the period	–	–	–	–	–	–	(513,362)	(513,362)	(264,651)	(778,013)
BALANCES AS AT SEPTEMBER 30, 2011	₱2,911,886	₱1,611,393	₱1,335,075	₱136,322	(₱81,066)	₱5,179	₱1,820,012	₱7,738,801	₱1,567,087	₱9,305,888

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED SEPTEMBER 30, 2013
(With Comparative Figures for 2012 and 2011)
(Amounts in Thousands)

	2013 (One Year)	2012 (As Restated) (One Year)	2011 (Three Months)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	₱665,976	₱288,308	(₱772,856)
Adjustments for:			
Depreciation and amortization	684,740	692,382	171,123
Interest expense	416,418	502,745	189,612
Equity in net losses (earnings) of associates	(68,027)	(47,188)	17,982
Movements in net retirement plan assets and net retirement benefit liability	(67,183)	85,739	3,502
Loss on property and equipment due to fire	22,305	-	-
Provision for inventory losses and obsolescence	13,544	59,727	78,794
Interest income	(7,878)	(14,649)	(3,002)
Provision for impairment losses on receivables	6,236	99,444	-
Employee stock option	1,991	-	-
Unrealized fair value losses (gains) on investment properties	231	(4,976)	-
Loss on disposal of property and equipment and investment properties	-	190,324	13,981
Recovery from insurance claims	-	(20,676)	(27,650)
Operating income (loss) before working capital changes	1,668,353	1,831,180	(328,514)
Decrease (increase) in:			
Trade and other receivables	(565,614)	(354,490)	102,947
Inventories	(785,102)	800,014	919,239
Real estate for sale and development	(47,410)	(12,052)	870
Other current assets	(59,361)	(28,670)	10,107
Increase in trade and other payables	15,154	36,263	106,387
Net cash generated from operations	226,020	2,272,245	811,036
Income taxes paid, including creditable withholding and final taxes	(75,212)	(114,751)	(12,159)
Interest received	7,878	13,086	2,946
Net cash provided by operating activities	158,686	2,170,580	801,823

	2013 (One Year)	2012 (As Restated) (One Year)	2011 (Three Months)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property, plant and equipment	(₱217,749)	(₱129,450)	(₱38,360)
Investments in associates	-	(50)	-
Dividends received	22,958	165,587	-
Decrease (increase) in other noncurrent assets	20,456	(4,280)	(70)
Proceeds from:			
Disposal of property and equipment and investment properties	164	5,523	12,849
Recovery of insurance claims	-	20,676	27,650
Net cash provided by (used in) investing activities	(174,171)	58,006	2,069
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings	930,001	542,920	-
Payments of:			
Interest	(418,571)	(553,769)	(159,282)
Long-term borrowings	(182,368)	(1,170,597)	(229,874)
Dividends	(140,451)	(4)	-
Net payments of short-term borrowings	(173,973)	(1,206,845)	(458,833)
Net cash provided by (used in) financing activities	14,638	(2,388,295)	(847,989)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(847)	(159,709)	(44,097)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	199,473	359,182	403,279
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱198,626	₱199,473	₱359,182



 **Roxas & Company, Inc.**

7th Floor Cacho-Gonzalez Building, 101 Aguirre Street
Legaspi Village, Makati City, Philippines
Telephone: (632) 810 8901 to 06
Website: www.roxascompany.com.ph



A N N E X “B”

RCI Audit Committee Charter



**ROXAS AND COMPANY, INC.
AUDIT COMMITTEE CHARTER**

I. Introduction and Purpose

The Audit Committee shall represent and assist the Board of Directors in fulfilling its oversight responsibilities to the shareholders for

- the integrity of the company's financial statements and financial controls
- the company's compliance with legal and regulatory requirements,
- the independent auditor's qualifications and independence, and
- the performance of the company's internal audit function and the independent auditors.

The Committee will act independently while maintaining free and open communication between the Committee, independent auditors, internal auditors and management of the Company.

II. Organization

The Audit Committee shall be appointed by the Board and shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director.

Audit Committee members and the Committee chairman shall be designated by a majority vote of the full Board of Directors upon recommendation of the Nominating and Governance Committee. The Board shall elect the Chairman of the Committee. The Chairman of the Committee shall periodically report to the Board regarding the activities of the Committee.

III. Authority and Responsibilities

The committee shall have the following functions:

- a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal, and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
- c) Perform oversight functions over the company's internal and external auditors. It should ensure that the internal and external auditors act independently from each

other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

- d) Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;
- e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and budget for the audit and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report to the Audit Committee.

The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

- g) Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;
- h) Review the reports and recommendations submitted by the internal and external auditors and the management's responses.
- i) Review the quarterly, half-year and annual financial statements before their submission to the Board.
- j) Coordinate, monitor and facilitate compliance with laws, rules and regulations.
- k) Investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company.

Outside Advisors

The Committee shall have the authority to retain such outside counsel, accountants, experts and other advisors as it deems appropriate to assist in the performance of its functions. The Committee shall be provided with appropriate funding, as determined by the committee, for payment of compensation to such outside counsel, accountants, experts and other advisors.

Meetings

The Committee shall meet at least four times annually or as often as may be deemed necessary or appropriate in its judgment, and as such times and places as the Committee shall determine.

The majority of the members of the Committee shall constitute a quorum. The Committee will meet separately with the internal auditors, the independent auditors, the general counsel and other senior management to discuss any matters they wish to bring to the Committee's attention or that the Committee wishes to bring to their attention.

The Committee shall report to the Board with respect to its meetings, including any significant issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors, or the performance of the internal audit function.

Assessment of Performance

The Committee shall report to the Board an annual review its own performance or in such shorter intervals as may be set by the Board. The results of the said assessment shall be validated by the Compliance Officer or its Governance Committee as may be applicable. The assessment process and results shall form part of the Company's records.

The Committee shall annually reassess the adequacy of its Charter and recommend any proposed changes to the Board for approval

XXX



A N N E X “C”

RCI Amended By-Laws



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

Company Reg. No. 834

**CERTIFICATE OF FILING
OF
AMENDED BY-LAWS**

KNOW ALL MEN BY THESE PRESENTS:

This is to certify that the Amended By-Laws of

ROXAS AND COMPANY, INC.

copy annexed, adopted on February 10, 2011 by the Board of Directors pursuant to the authority duly delegated to it by the stockholders owning at least two-thirds of the outstanding capital stocks on April 22, 1996, certified by a majority of the Board of Directors and countersigned by the Secretary of the Corporation, was approved by the Commission on this date, pursuant to the provisions of Section 48 of the Corporation Code of the Philippines, Batas Pambansa Blg. 68, approved on May 1, 1980 and attached to the other papers pertaining to said corporation.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at Mandaluyong City, Metro Manila, Philippines, this 30th the day of March, Twenty Eleven.




BENITO A. CATARAN
Director

Company Registration and Monitoring Department



P W 0 0 0 0 0 0 8 3 4

R O X A S A N D C O M P A N Y , I N C .
(F O R M E R L Y C A D P G R O U P
C O R P O R A T I O N)

(Company's Full Name)

7 T H F L O O R C G B U I L D I N G
1 0 1 A G U I R R E S T R E E T L E G A S P I
V I L L A G E M A K A T I C I T Y

(Business Address: No. of Street City/Town/Province)

ATTY. FRITZIE P. TANGKIA-FABRICANTE

810-8901

June 30
Month Day
Fiscal Year

AMENDMENT OF BY-LAWS

Form Type

Month Day
Annual Meeting

Secondary License Type, If Applicable

Department Requiring this Document

Amended Articles Number/Section

3,553

Total Amount of Borrowings

Total No. of Stockholders

Domestic Foreign

TO BE ACCOMPLISHED BY SEC PERSONNEL CONCERNED

File Number

Document I.D.

STAMPS

LCU
37/11
Cashier

Remarks = pls. Use black ink for scanning purposes

AMENDED BY-LAWS OF
ROXAS AND COMPANY, INC.
(formerly, CADP Group Corporation)

ARTICLE I
SHARES OF STOCKS

Section 1. Stock Certificates. – Certificates of shares of stock of the Corporation shall be in such forms as may be determined by the Board of Directors. Each holder of fully paid stock shall be entitled to a certificate or certificates of stock stating the number of shares owned by such stockholder and the designation of class in which issued. All certificates of stock shall bear the signature or facsimile signature of the President and shall be countersigned or facsimile signature of the Secretary or the Assistant Secretary and sealed with the corporate seal.

Section 2. Stock Transfers. – Transfer of stock shall be effected upon endorsement and surrender of the stock certificates; however, it will not be in effect nor binding on the Corporation until it is duly registered in the stock transfer book, new stock certificates issued, and the old ones cancelled.

Section 3. Closing of Transfer Books; Fixing the Record Date. – For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other purpose, the Board of Directors of the Corporation may provide that the stock transfer books may be closed for a stated period. In lieu of closing the transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of stockholders. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of, or to vote at, a meeting of shareholders, or shareholders entitled to receive payment of dividend, the date on which of the meeting is made or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this Article, such determination shall apply to any adjournment thereof.

Section 4. Indivisibility. – Whenever payment of stock dividends is effected, the fractions, if any, shall be paid in cash.

Section 5. Treasury Shares. – The shares, which after being issued are acquired by the Corporation and become treasury shares, shall be at the disposal of the Board, but will not have any vote or participation in the dividends.

Section 6. Future Issuance. – The unissued shares of stock of the Corporation shall be offered for sale on conditions and price (not less than its par value) as may be determined by the Board of Directors. The stockholders of the Corporation shall have no pre-emptive right to subscribe to all issue or disposition of shares of stock of the Corporation of any class, unless the Board of Directors decides otherwise for the best interest of the Corporation and its stockholders.

Section 7. Lost Certificates. – Lost stock certificates shall be replaced in accordance with Section 73 of the Corporation Code.

ARTICLE II STOCKHOLDERS' MEETING

Section 1. Regular and Special. – The meetings of the stockholders shall be regular and special, and shall be held at the main office of the Corporation in Makati City, Philippines, or in any other place as may be allowed by law, as designated by the Board of Directors. The regular meeting shall be held on the **fourth Wednesday of February** of each year, for the purpose of electing directors and for the transaction of such business as may properly come before the meeting. If the day fixed for the regular meeting falls on a legal holiday, such meeting shall be held at the same time on the first working day following the said date. The Board of Directors may, for good cause, postpone the regular meeting to a reasonable date. (As amended by the Board of Directors, pursuant to its delegated authority, in its regular meeting held on 10 February 2011.)

Special meetings shall be called by the Chairman, the Chief Executive Officer, or in his absence, by the President. They may also be called by the majority of the Board of Directors.

Section 2. Notices. – The regular meeting of stockholders may be held without prior notice. Notices for special meetings of stockholders may be sent by the Secretary by personal delivery or by mailing the notice at least ten (10) days prior to the date of the meeting. The notice shall state the place, date and the hour of the meeting, and the purpose or purposes of which the meeting is called.

Only matters stated in the notice can be subject of motions or discussions at the meeting. Notice of special meetings may be waived in writing by the shareholder, in person or by proxy, before or after the meeting.

When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

Section 3. Quorum. – In all regular or special stockholders' meetings, the presence of the shareholders who represent a majority of the capital stock entitled to vote shall constitute a quorum and all the decisions made by the majority shall be final, unless pertaining to resolutions for which the laws require a greater number.

Section 4. Proxies. – The stockholders may delegate in writing their right to vote and, unless otherwise expressed, such delegation or proxy shall be valid only for the meeting at which it has been presented to the Secretary. All proxies must be in the hands of the Secretary of the Corporation not later than five (5) working days before the time set for the meeting.

ARTICLE III BOARD OF DIRECTORS

Section 1. Management of the Corporation. – All businesses and properties of the Corporation shall be handled and managed by the Board of Directors, composed of nine (9) members. If the office of any Director becomes or is vacant by reason of death, resignation, failure to qualify, disqualification, or otherwise, except removal, the remaining Directors, if still constituting a quorum, may, by a majority vote, elect from the stockholders duly qualified a successor who shall serve office for the unexpired term or until his successor is duly elected and qualified.

Section 2. Qualifications and Disqualifications for Directors. – Any stockholder having at least one thousand (1,000) shares registered in his or her name may be nominated and/or elected as a Director of the Corporation; Provided that any stockholder who possesses any of the disqualifications enumerated in the Manual on Corporate Governance which was approved and adopted by the Board of Directors of the Corporation on 26 September 2002, including any amendments thereto, shall be disqualified from being elected as a Director of the Corporation. (As amended during the meeting of the Board of Directors on 26 September 2002 and ratified during the regular meeting of the stockholders on 20 November 2002.)

Section 3. Nominations for Directors. – In addition to the right of the Board of Directors of the Corporation to make nominations for the election of Directors, nominations for the election of Directors may be made by any shareholder entitled to vote for the election of Directors if that shareholder complies with all the provisions of this Article.

3.1 Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent to such Chairman in care of the Secretary of the Corporation), at least 15 working days prior to any meeting of the shareholders called for the election of Directors.

3.2 Each nomination under Section 3.1, shall set forth (i) the name, age, business address and, if known, residence of each nominee, (ii) the principal occupation or employment of each nominee, (iii) the number of shares of stock of the Corporation which are beneficially owned by such nominee, and (iv) the interests and positions held by each nominee in other corporations. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.

3.3 The Board, by a majority vote unless a greater majority is required under these By-Laws, may, in its discretion, determine and declare that a nomination was not made in

accordance with the foregoing procedures, and/or that a nominee is disqualified for election as Director under these By-Laws and if the Board should so determine, the defective nomination and the nomination of a disqualified person shall be disregarded.

Section 4. Board of Directors' Meetings. - The regular meetings shall take place quarterly in the main office of the Corporation in Makati City, Philippines or in any other place set by the Board for such.

The special meetings shall take place by the order of the Chief Executive Officer, of the President, or if requested by majority of the Directors, with notification one day before if convenient, and shall be held at the main office of the Corporation or at the place designated in the notice. These meetings can take place without previous notice, at any place, date and time, by unanimous consent of the Directors present in the country, or even without this requisite, if all Directors are present.

Section 5. Quorum. - Unless the law requires a greater number, the majority of Directors in the Articles of Incorporation shall constitute a quorum to finalize corporate decisions, and any decision made and approved by the majority of the Directors present in the meeting where a quorum exists shall be valid.

Section 6. Powers of the Board. - Notwithstanding the general powers granted by the Corporation Code and other laws and in Article III Section 1 and all powers granted by this By-Laws, it is hereby expressly declared that the Board of Directors present in the meeting shall have the following powers:

6.1 To purchase or otherwise in any lawful manner, for and in the name of the Corporation, any and all properties, rights, interest or privileges whatsoever deemed necessary or convenient for the Corporation's business, at such price and subject to such terms and conditions as it may deem proper or convenient.

6.2 To invest the funds of the Corporation in another corporation, business or for any purpose other than those for which it was organized, whenever in its judgment, its interest would thereby be promoted, subject to such stockholder approval or authorization as may be necessary under the law.

6.3 To sell, lease, exchange, assign, transfer or otherwise dispose of any property, real or personal, belonging to the Corporation whenever in its judgment, its interest would thereby be promoted.

6.4 To incur indebtedness as it may deem necessary, subject to such stockholder approval or authorization as may be required by law and, for such purpose, to make and issue evidence of such indebtedness including without limitation, notes, deed of trust, instruments or securities and/or mortgage or otherwise encumber all or part of the properties and rights of the Corporation.

6.5 Upon the recommendation of the Chief Executive Officer and the President and in accordance with the applicable provisions of the By-Laws, to determine and prescribe the qualifications, duties, term of office, compensation, remuneration, incentives and other benefits of officers. Pursuant thereto, to appoint or elect or enter into contracts with such officers, under such terms and conditions as the Board may determine to be in the best interest of the Corporation.

6.6 Upon recommendation of the Chief Executive Officer and the President, to create other offices it may deem necessary and determine how such offices be filled.

6.7 To determine whether or not the stockholders shall have preemptive right to subscribe to new issue of shares of the Corporation. With regard to shares issued in total or partial payment of debts contracted by the Corporation, for whatsoever properties it may have acquired or in payment of services rendered to the Corporation, to impose such conditions regarding the transfer of said shares as it may deem convenient, subject, however, to the limitation fixed by law.

6.8 To prosecute, maintain, defend, compromise or abandon any lawsuit in which the Corporation or its officers are either plaintiffs or defendants in connection, and to settle all claims for or against the Corporation on such terms and conditions as it may deem fit.

6.9 To determine whatever any, and if any, what part of the surplus profits of the Corporation arising from its business or retained earnings available for declaration as dividends, shall be declared as dividends, subject to the provisions of law.

6.10 To create, by resolution passed by a majority of all members of the Board, one or more standing or special committees of Directors, with such powers and duties as may be specified in the enabling resolution.

6.11 To appoint any corporation, association, partnership or entity duly organized and registered in accordance with the laws of the Republic of the Philippines, as general managers or management consultants or technical consultants, under such terms and conditions and for such compensation as the Board may determine.

6.12 To guarantee, for and on behalf of the Corporation, obligations of other corporations in which it has lawful interest.

6.13 To appoint trustees who, for the benefit of the Corporation, may receive and retain such properties as may belong to the Corporation or in which it has interest and to execute such deeds and perform such acts as may be necessary to transfer the ownership of said properties to its trustees.

6.14 To enter into any transaction, obligation or contract and perform such acts and execute such deeds as it may deem essential for the proper administration of the

Corporation's property, business and affairs or the accomplishment of any of the purposes for which the Corporation was organized.

Section 7. Remuneration of the Board of Directors. – The members of the Board of Directors and the Executive Committee shall be given a per diem for every meeting attended in such amount as may be determined by the Board of Directors but in no case shall said remuneration exceed two percent (2%) of the net income of the Corporation before tax.

ARTICLE IV EXECUTIVE COMMITTEE

Section 1. Executive Committee. - The Executive Committee shall be composed of three (3) Directors to be elected by the Board. The Executive Committee shall have the functions that the Board will delegate.

Section 2. Validity of Decisions. - The decision of the Executive Committee should be approved by the majority of the members and shall have the same power and effect as the decisions made by the Board of Directors, as long as it does not exceed the powers bestowed on it. The Board of Directors shall be informed in its next meeting of the decisions made by the Executive Committee.

Section 3. Format for Decisions. - All decisions made by the Executive Committee shall be placed in writing and signed by the members present.

ARTICLE V OFFICERS OF THE CORPORATION

Section 1. Officers of the Corporation. - The Officers of the Corporation shall be composed of the Chairman of the Board of Directors, the Vice-Chairman of the Board of Directors, the President, the Executive Vice-President(s), the other Vice-President(s), the Treasurer, the Assistant Treasurer(s), the Secretary and the Assistant Secretary(ies). Any two or more offices may be held by the same person except for the offices of the Chairman and Treasurer or Secretary, or President and Treasurer or Secretary.

The Directors elected in the regular stockholders' meeting shall immediately or within a reasonable time thereafter, hold a meeting wherein they shall elect by a vote of a majority of all members of the Board, the Chairman, Vice-Chairman, the Chief Executive Officer and the President. At said meeting, the Board shall likewise elect, appoint or reappoint, subject to the terms of such contracts as may have been entered into by the Board of Directors with the officer concerned, the Treasurer, the Secretary, the Executive Vice-President(s), the other Vice-President(s) and all other officers, all of whom need not be Directors of the Corporation.

In electing, appointing or entering into contracts with the officers, the Board shall seek to establish, maintain, promote and foster the continuous development of a competent, professional,

loyal and honest officer corps, for the efficient, stable and proper transaction of the business and affairs of the Corporation.

Section 2. The Chairman of the Board of Directors. - The Chairman shall preside at meetings of the Board of Directors and of the stockholders. He shall exercise powers and perform such duties and functions as the Board of Directors may, from time to time, assign.

Section 3. The Vice-Chairman of the Board of Directors. - The Vice-Chairman shall preside at meetings of the Board of Directors and of the stockholders in the absence of the Chairman. He shall exercise such powers and perform such duties and functions as the Board of Directors or the Chairman may, from time to time, assign.

Section 4. The Chief Executive Officer. - He shall be responsible for the general supervision, administration and management of the business of the Corporation and shall have the following powers and duties:

4.1 To establish general administrative and operating policies.

4.2 To initiate and develop programs for management training and development, as well as executive compensation plans.

4.3 Unless otherwise determined by the Board of Directors, to attend and act and vote in person or by proxy, for and on behalf of the Corporation, at any meeting of shareholders of any corporation in which the Corporation may hold stock, and at any such meeting, to exercise any and all rights and powers incident to the ownership of stock which the owner thereof might possess or exercise if present.

4.4 To exercise such powers and perform such other duties and functions as the Board of Directors may, from time to time, assign.

The Chief Executive Officer may assign the exercise or performance of his powers, duties and functions to any other officer(s), subject to his supervision and control.

Section 5. The President. - The President shall have supervision and direction of day-to-day business affairs of the Corporation. He shall have the following specific powers and duties:

5.1 To recommend specific projects for the accomplishment of corporate objectives and policies for the approval of the Board of Directors.

5.2 To implement the program for management training and development.

5.3 To ensure that administrative and operating policies are carried out.

5.4 To appoint, remove, suspend any and all employees and subordinate personnel of the Corporation, prescribe their duties, determine their salaries and, when

necessary, require bonds in such amounts as he may determine, to secure the faithful discharge by said employees of their official trust.

5.5 To prepare such statements and reports as may be required from time to time by law.

5.6 To preside at meetings of the Directors and stockholders in the absence of the Chairman and Vice-Chairman.

5.7 To exercise such powers and perform such duties and functions as may be assigned to him by the Board of Directors.

The President may assign the exercise or performance of any of the foregoing powers, duties and functions to any other officer(s).

Section 6. The Executive Vice-President(s) and other Vice-President(s). - The Executive Vice-President(s) and other Vice-President(s), shall exercise such powers and perform such duties and functions as the Chief Executive Officer or the President may, from time to time, assign them. They shall also perform such other duties as may be required by the Board of Directors.

Section 7. The Treasurer. - The Treasurer shall have the following powers and duties:

7.1 To keep full and accurate accounts of receipts and disbursement in books belonging to the Corporation.

7.2 To have custody of, and be responsible for, all the funds, securities and bonds of the Corporation.

7.3 To deposit in the name and to the credit of the Corporation, in such bank or banks as may be designated from time to time by the Board of Directors, all the moneys, funds, securities, bonds and similar valuable effects belonging to the Corporation which may come under his control.

7.4 To render an annual statement showing the financial condition of the Corporation and such other financial reports as the Board of Directors, the Chief Executive Officer or the President may, from time to time, require.

7.5 To prepare such financial reports, statements, certifications and other documents which may, from time to time, be required by government rules and regulations and to submit the same to the proper government agencies.

The Treasurer shall also exercise such powers and perform such duties and functions as may be assigned to him by the Chief Executive Officer or the President. He may be required by the Board of Directors or the Chief Executive Officer to give bond with sufficient sureties for the faithful performance of his duties.

The Treasurer may assign the routine duties of his office to one or more employees of the Corporation with the approval of the Chief Executive Officer or the President. He may be required by the Board of Directors or the Chief Executive Officer to give bond with sufficient sureties for the faithful performance of his duties.

The Treasurer may designate, with the approval of the Chief Executive Officer or the President, the assistant Treasurer(s) to perform, at his request or in his absence or disability, all or any of his duties and functions. The Assistant Treasurer(s), when acting under such designation, may exercise all the powers of, and shall be subject to all the restrictions imposed upon, the Treasurer. The Assistant Treasurer(s) shall exercise such other powers and shall perform such other duties and functions as may, from time to time, be assigned to him (them) by the Chief Executive Officer or the President.

Section 8. The Secretary. - The Secretary, who must be a citizen and resident of the Philippines, shall have the following duties and functions:

8.1 To record the minutes of all meetings of the Board of Directors, the Executive Committee, the stockholders, and the special and standing committees of the Board, and to maintain separate minute books in the form and manner required by law at the principal office of the Corporation.

8.2 To give, or cause to be given, all notices required by law or by the By-Laws of the Corporation, as well as notices required of meetings of the Board of Directors and of the stockholders.

8.3 To keep records indicating the details required by law with respect to the certificates of stock of the Corporation, including ledgers and stock transfers and the date of each issuance and transfer.

8.4 To fill and countersign of all certificates of stock issued to make the corresponding annotations on the margins or stubs of such certificates upon their issuance.

8.5 To take note of all stock transfer and cancellations, and keep in alphabetical or numerical order all certificates of stocks so transferred as well as the names of stockholders, their addresses and the number of shares owned by each, keeping up to date all the addresses of the stockholders.

8.6 To prepare the various reports, statements, certifications and other documents which may from time to time be required by government rules and regulations, except those required to be made by the Treasurer, and to submit the same to proper government agencies.

8.7 To keep and affix the corporate seal to all paper and documents requiring seal, and to attest by his signature all corporate documents requiring the same.

8.8 To pass upon the form and the manner of voting of proxies, the acceptability and validity of their issuance and use, and to decide all contents and returns relating to the election of the members of the Board of Directors.

The Secretary shall perform such duties and functions as may, from time to time, be assigned to him by the Board of Directors, the Chief Executive Officer or the President.

The Secretary may designate, with the approval of the Chief Executive Officer or the President, the Assistant Secretary(ies) to perform at his request in his absence or disability, all or any of his duties and functions. The Assistant Secretary(ies) shall perform such other duties and functions as may from time to time, be assigned to him (them) by the Chief Executive Officer or the President.

Section 9. Term of Office. - Subject to the terms of such contracts as may have been entered into by the Board of Directors, the term of office of all officers shall be coterminous with that of the Board of Directors that elects or appoints them unless such officers are sooner terminated or removed for cause.

ARTICLE VI FISCAL YEAR, DIVIDENDS, AUDIT OF BOOKS

Section 1. Fiscal Year. - The fiscal year of the Corporation shall commence on the 1st day of October of each year and end on the 30th day of September the following year. (As amended by the Board of Directors, pursuant to its delegated authority, in its regular meeting held on 10 February 2011.)

Section 2. Dividends. - All dividends unclaimed or unpaid in the next five years after being declared shall accrue to the Corporation.

ARTICLE VII MISCELLANEOUS PROVISIONS

Section 1. Corporate Seal. - The Corporation shall adopt for its corporate seal, a dry metal seal with two (2) concentric circles within which is engraved the name of the Corporation.

Section 2. Amendment of By-Laws. - These By-Laws can be amended or repealed by the affirmative vote of the stockholders who represent the majority of the outstanding capital stock, in any stockholders' meeting called for the purpose.

The Board is empowered, until otherwise decided in the stockholders' meeting, to amend the By-Laws as deemed beneficial to the Corporation.

The preceding By-Laws have been adopted and approved on the 15th day of December, 1995, in a Special Board Meeting and on the 22nd day of April 1996 in a Special Stockholders' Meeting held in Metro Manila, Philippines.

IN WITNESS WHEREOF, WE the undersigned present at said meeting have hereunto subscribed our named this 22nd day of April 1996.

CERTIFIED BY:

LORNA PATAJO-KAPUNAN
Corporate Secretary

ATTESTED BY:

(Sgd.)
PEDRO E. ROXAS
Chairman

ANTONIO J. ROXAS
Director

(Sgd.)
EDUARDO J. ROXAS
Director

(Sgd.)
MIGUEL A. GASPAR
Director

FRANCISCO R. ELIZALDE
Director

SANTIAGO R. ELIZALDE
Independent Director

MICHAEL ESCALER
Director

SANTIAGO URETA
Director

LORNA PATAJO-KAPUNAN
Director

DIRECTORS' CERTIFICATE OF AMENDMENT OF

THE BY-LAWS OF

ROXAS AND COMPANY, INC.



KNOW ALL MEN BY THESE PRESENTS:

The undersigned, being at least a majority of the members of the Board of Directors, the Corporate Secretary and the Assistant Corporate Secretary of ROXAS AND COMPANY, INC., do certify that:

- 1) The attached Amended By-Laws of CADP GROUP CORPORATION¹, which embodies the following amendments, is true and correct:

**"ARTICLE II
STOCKHOLDERS' MEETING**

Section 1. Regular and Special. – The meetings of the stockholders shall be regular and special, and shall be held at the main office of the Corporation in Makati City, Philippines, or in any other place as may be allowed by law, as designated by the Board of Directors. The regular meeting shall be held on the **fourth Wednesday of February** of each year, for the purpose of electing directors and for the transaction of such business as may properly come before the meeting. If the day fixed for the regular meeting falls on a legal holiday, such meeting shall be held at the same time on the first working day following the said date. The Board of Directors may, for good cause, postpone the regular meeting to a reasonable date.

Special meetings shall be called by the Chairman, the Chief Executive Officer, or in his absence, by the President. They may also be called by the majority of the Board of Directors."

**"ARTICLE VI
FISCAL YEAR, DIVIDENDS, AUDIT OF BOOKS**

Section 1. Fiscal Year. – The fiscal year of the Corporation shall commence on the **1st day of October of each year and end on the 30th day of September the following year.**"

¹ Now Roxas and Company, Inc. Please see attached Certificate of Filing of the Articles and Plan of Merger issued by the Securities and Exchange Commission on 23 June 2009.

- 2) Pursuant to the power delegated by the shareholders/^{on April 22, 1996} the Board of Directors approved, by the affirmative vote of at least a majority of its members, the aforementioned amendments to the By-Laws of the Corporation during their regular meeting held on 10 February 2011 in Makati City, Metro Manila.

IN WITNESS WHEREOF, the undersigned have signed these presents on ^{March} ~~February~~ 7th 2011 in Makati City.



PEDRO E. ROXAS
Chairman of the Board/
President & CEO
TIN 104-738-165



ANTONIO J. ROXAS
Director
TIN 104-738-157



BEATRIZ O. ROXAS
Director
TIN 218-112-191



FRANCISCO JOSE R. ELIZALDE
Director
TIN 119-132-731



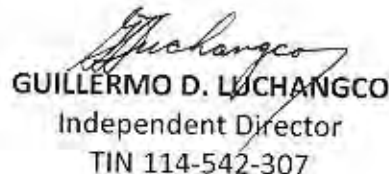
CARLOS ANTONIO R. ELIZALDE
Director
TIN 119-814-785



RENE C. VALENCIA
Director
TIN 118-457-420



RAMON Y. DIMACALI
Independent Director
TIN 129-455-806



GUILLERMO D. LUCHANGCO
Independent Director
TIN 114-542-307



PETER D.A. BAROT
Corporate Secretary
TIN 107-478-120



FRITZIE P. TANGKIA-FABRICANTE
Assistant Corporate Secretary
TIN 205-339-259

SUBSCRIBED AND SWORN to before me this MAR 07 2011, affiants exhibited to me the following:

Name	CTC No./Date and Place of Issue	Gov't Issued ID
Pedro E. Roxas	03240330/02-28-11/Makati City	SSS ID#03-4762446-6
Antonio J. Roxas	03240331/02-28-11/Makati City	SSS ID#03-0250433-0
Beatriz O Roxas	03241078/02-28-11/Makati City	Spanish Passport No. A0065223800 08-08-2002 to 08-08-2012
Francisco Jose R. Elizalde	05938865/01-07-11/Makati City	SSS ID#33-0661474-4
Carlos Antonio R. Elizalde	05938866/01-07-11/Makati City	SSS ID#33-1487243-9
Rene C. Valencia	17983321/02-01-11/Muntinlupa City	SSS ID#03-0747017-1
Ramon Y. Dimacali	00164974/01-20-11/Manila	Phil.Passport No. ZZ5393442 01-28-2010 to 01-27-2015
Guillermo D. Luchangco	06009817/03-01-11/Makati City	Phil.Passport No. ZZ225283 06-18-2007 to 06-18-2012
Peter D. A. Barot		Phil.Pasport No. XX2900132 01-30-2009 to 01-29-2014
Fritzie P. Tangkia-Fabricante	02740851/02-24-11/Makati City	Phil.Passport No. XX0850429 04-03-2008 to 04-04-2013

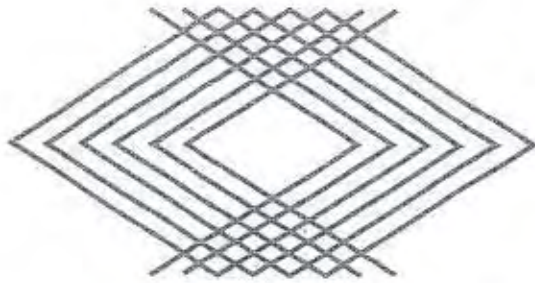
Doc. No. 108;
Page No. 22;
Series of 2011.


JOSEPH P. GUEVARRA
Appointment No. M-100
Notary Public - Makati City
Until 31 December 2011
6/F Cacho Gonzales Building
101 Aguirre Street, Legaspi Village, Makati City
PTR No. 2052905 / 6 January 2010 / Makati City
IBP No. 802685 / 16 December 2009 / Makati City
Reg. No. 62501



A N N E X “D”

CADP Code of Business Conduct Policy



CADP
GROUP CORP.

**Business
Conduct Policy
Handbook**



Dear Fellow Employee,

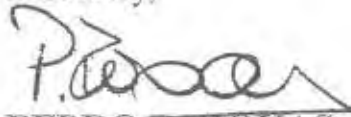
The Board of Directors of CADP Group Corporation has adopted a Business Conduct Policy to guide and remind us on the fundamental principles to which we all must adhere. It is my humble belief that only through our continuing efforts to abide by this policy will the good reputation of our Company be maintained.

The Business Conduct Policy, in addition to all existing rules and regulations, shall henceforth govern employee conduct in the workplace. Any violation of this Business Conduct Policy may result in termination of employment or other disciplinary action.

You are enjoined to read this Business Conduct Policy carefully in order to acquire knowledge and understand the Company's policies and to confirm that you have done so, you are requested to accomplish the attached certificate of confirmation. The signed certificate should be returned to your HR/Personnel Department immediately.

Any question/s regarding the meaning or application of any of the principles set forth in the Business Conduct Policy should be directed to your HR/Personnel Department for appropriate action.

Sincerely,


PEDRO E. ROXAS
Chairman & CEO

BUSINESS CONDUCT POLICY

I. INTRODUCTION

The highest standard of individual conduct is expected at all times from each employee of CADP GROUP CORP. not only in matters of financial integrity but also in every aspect of business relationships.

Business should be conducted on the basis of fair dealing, consideration for the rights and feelings of others and the most stringent principles of good corporate citizenship.

Each employee is charged with the responsibility of acquiring sufficient knowledge of the laws relating to his or her particular duties in order to recognize potential dangers and to know when to seek legal advice. Unlawful conduct will not be condoned under any circumstances. Employees should consult with the in-house counsel if they have questions regarding compliance with certain laws, rules or regulations.

Employees are expected to comply with this Business Conduct Policy and all other policies and rules and regulations of the company. Any employee who knowingly violates this policy or knowingly allows a subordinate to do so shall be subject to disciplinary action, including demotion or termination.

The Business Conduct Policy addresses several areas of concern. It includes values, operating principles, conflicts of interest, disclosure of business or outside employment, use and protection of company assets, disclosure on accounting and auditing matters, insider trading, use of software, sexual harassment and political activities and contributions. In addition, the Company's Rules and Regulations governing employee conduct should be used as reference material on matters related thereto.

II. VALUES

The following fundamental beliefs determine conduct throughout the Company. They explain the reasons why our principles are important to us.

Integrity. The Company is expressly committed to integrity and high ethical standards of conduct in all its business transactions.

Entrepreneurship. The basis for the continuing success of the Company's business is good long-term profitability. An essential feature of this is a dynamic and innovative approach to business by the Company and all its employees.

Professionalism. The Company values professionalism and regards it as essential in ensuring the provision of the highest levels of customer satisfaction.

Responsiveness. The Company acknowledges the importance of being responsive to the needs of all those with whom it does business.

III. OPERATING PRINCIPLES

The Company operates within the framework of the following principles:

Personal Conduct. The Company expects the highest levels of personal conduct by all its employees. It is acknowledged that all effective business relationships inside as well as outside the Company depend upon honesty, integrity and fairness.

While it is recognized that limited corporate hospitality is given and received as part of building normal business relationships,

employees should avoid accepting hospitality or gifts which might appear to place them under an obligation.

The Company expects all its employees to respect the rule of law and abide by appropriate regulations. They are likewise expected to avoid doing business with any individual, Company or institution if that business is connected with activities which are illegal or which could be regarded as unethical.

All employees are expected to handle information with care. The confidentiality of the Company's data should be safeguarded and proper and complete records must be made of all transactions on behalf of the Company.

Employee Relations. Relationships with employees are based on respect for the individual. The Company aims to provide all its employees with safe conditions of work and competitive terms of employment. It is likewise committed to equal opportunities and the avoidance of discrimination. Sexual or any other form of harassment is unacceptable.

Personal career development will be encouraged through progressive HR/Personnel Training and Development Programs.

Environment. The Company recognizes that certain resources are finite and must be used responsibly. It therefore pursues a two-pronged, external and internal, approach designed to promote environmental protection. Its external policy is aimed at anticipating developments in the environmental field related to its operations and the professional management of environmental risks. Internally, the policy is aimed at controlling any environmental burdens caused by the Company itself.

Communications. Within the bounds of commercial confidentiality, the Company places the greatest importance on open and transparent communications with its customers, employees, shareholders and the society at large.

Community Relations. The Company recognizes that good relations with local communities are fundamental to its long-term success. The Company's community relations policy is founded upon mutual respect and active partnership aimed at sustaining and trusting relationships between the Company's operations and the members of the local communities where it operates.

Cultural, sport and environmental activities are a central part of the Company's relations policy and individual employees are encouraged to play positive role in community activities.

Economic Policy. As a commercial organization, the Company believes that it must provide an adequate return for its shareholders. It supports a market economy as the most effective means of achieving the best returns for its customers, investors and employees as well as for the communities where it operates.

Competition. The Company recognizes the many benefits of a competitive environment. However, the best markets flourish only within an ethical framework and no one in the Company is permitted to disparage a competitor or to use unethical means to obtain any advantage for the Company.

IV. CONFLICT OF INTEREST

The Company and its stockholders require and expect that business affairs must be conducted in a manner that does not cloud our judgment when we deal with third parties or make decisions on

behalf of the Company. Business transactions must be undertaken solely in the best interest of the Company.

Conflict of Interest can only be defined along broad lines of ethical principles as it is impossible to conceive of all situations where a conflict may arise. In general, conflict of interest arises when an employee engages in business or professional activities exclusively for his own benefit on Company time or when such business or professional activities goes against the interest of the Company regardless of whether it occurs during Company time or not. In short, a conflict of interest arises when the Company's interests are compromised.

The following, while not encompassing, illustrate some types of activities which violate the Company's policy on Conflict of Interest:

A. Business or Outside Employment

1. Involvement in any way with any business that materially interferes with the proper performance of his duties or obligations to the Company or investments in enterprises which might lead to conflicts of interest.
2. Writing for an outside publication, delivering outside lectures and attending to speaking engagements unless the prior consent of the Company has been obtained.
3. Participating in civic, political, religious, charitable, educational, cultural, recreational, or similar activities where such activities materially interfere with the faithful performance by the employee of his/her duties to the Company or shall be in conflict with the Company's interests.

4. Holding appointive or elective positions in Government or holding other employment elsewhere where the duties and obligations of the employee to the Government or to his/her other employer may adversely affect the efficient performance of his/her duties and responsibilities to the Company. In such event, the employee should decide whether to make a career with the Government or with the Company and should he/she decides to pursue his/her Government position, the employee will be requested to resign from the Company.

B. Acceptance of Gifts

Acceptance of gifts, favors, loans or other material benefits from third parties doing business or desiring to do business with Company by an employee and/or members of his family.

However, moderate or customary gifts such as those gifts given to employees during Christmas season or those made to employees on the occasion of their birthdays shall be allowed and acceptance thereof by an employee shall not be considered to be in conflict of interest.

C. Business Dealings

Financial involvement in any transaction between the Company and third parties which can influence or affect the official judgment of the employee.

Habitual engagement in the business of lending money to fellow workers or employees.

D. Other acts and activities analogous to the foregoing.

V. DISCLOSURE OF BUSINESS OR OUTSIDE EMPLOYMENT

Employees are absolutely required to make a disclosure of all their business, professional involvement and/or their other employment outside of the company within reasonable period from the time that the business, professional involvement or other employment has arisen.

Information disclosed in compliance with this directive shall be treated by the company with utmost confidentiality.

VI. USE AND PROTECTION OF COMPANY ASSETS AND TRANSACTIONS

Employees who have access to or control over Company transactions and assets, including trade secrets or other confidential or proprietary information, are expected to execute their responsibilities with the strictest integrity and highest regard for the value of the assets and the importance of the transactions. "Confidential or Proprietary Information" includes generally, all information which the employee knows or has reason/s to know and is deemed by the Company to be secret, which is in the possession of the Company and has not been published or otherwise disclosed to any third party or to the general public.

Each employee entrusted with such responsibilities must ensure that the use, acquisition or disposition of an asset by an employee on behalf of the Company is undertaken in accordance with the general or specific authorization of management and is accurately and fairly recorded in reasonable detail in the Company's books of account and records.

Unauthorized disclosure of information, whether or not it is proprietary, and unauthorized or illegal access to information or data owned or belonging to third persons/entities are strictly against Company policy.

All Company books, records and accounts must accurately reflect the precise nature of transaction recorded. Making false or fictitious entries with respect to transactions of the Company or the disposition of corporate assets is prohibited and no employee may engage in any transaction that requires or contemplates the making of false or fictitious entries.

Employees must act in accordance with all policies and procedures relating to expense reporting. The Company expects that business expenses will be reasonable and will be accurately supported by valid receipts where required.

Compliance with prescribed accounting procedures and controls is required at all times.

VII. PUBLIC INTEREST DISCLOSURE

All employees have a right and moral responsibility to report improper actions and omissions. A workplace culture must be developed in which employees who act in good faith and in compliance with the law are protected from interference in or retaliation for reporting improper actions and cooperating with subsequent investigations or proceedings.

Public Interest Disclosure (commonly called "whistleblowing") is required when employees, in good faith, believe superiors or colleagues are engaged in an improper course of illegal or unethical conduct, and they must be able to disclose such conduct free from fear of intimidation or reprisal.

VIII. USE OF SOFTWARE

All users of Company software should understand that the unauthorized duplication (other than for backup and archival purposes) of either proprietary or internally developed software is a violation of this policy, whether such duplication is for business or personal use and whether such duplication may place the Company in violation of its obligation to the software publishers.

IX. INSIDER TRADING

Employees of the Company may not purchase, sell, or otherwise trade in securities of the Company or of another corporation while in possession of material non-public information, such as knowledge that the Company is planning to acquire another corporation. In addition, employees may not give material non-public information, directly or indirectly, to anyone. Beyond disciplinary action, a violation of this policy may lead to civil and criminal penalties against the employee.

X. SEXUAL HARASSMENT

The Company values the dignity of every individual, encourages the development of its human resources and upholds the dignity of its employees, applicants for employment and those undergoing training, instruction or education in the company. Towards this end, all forms of sexual harassment in the workplace are absolutely prohibited.

XI. POLITICAL CONTRIBUTIONS AND ACTIVITIES

The Company absolutely prohibits the making or giving of contributions or expenditures whether in the form of money, products, services or facilities, in connection with any local or general

election. Accordingly, no employee may make contributions or expenditures at any time for or on behalf of the Company in connection with any election.

Employees are absolutely prohibited from actively campaigning for any candidate in connection with any election within the Company premises/property. Likewise, except in areas which have been opened and already devoted to public or political activities, the holding of political rallies or any other form of political activity/exercise are absolutely prohibited inside the Company premises or property.

The rules governing political activity are extremely complex. Should you have any question concerning the Philippine election laws, you should consult with your in-house counsel.

XII. COMPLIANCE REVIEW

From time to time, compliance review briefings will be held in order to discuss various matters raised in this policy booklet. Each employee is expected to attend such briefings.

XIII. IMPLEMENTATION AND COMMUNICATION

The responsibility of maintaining discipline and implementing the provisions of this Business Conduct Policy as well as the responsibility to take corrective actions for breach thereof rests with line management.

Issues and concerns on matters covering the meaning, application and implementation of the principles set forth herein shall be coursed through your Human Resources/Personnel Department.

XIV. DUTY TO DISCLOSE VIOLATIONS OF THE POLICY

Employees are expected to disclose promptly any acts or transactions known to them which may be in violation of this Policy. The Company will endeavor to treat any disclosures which are made pursuant to this Business Conduct Policy in strictest confidence.

XV. GUIDANCE

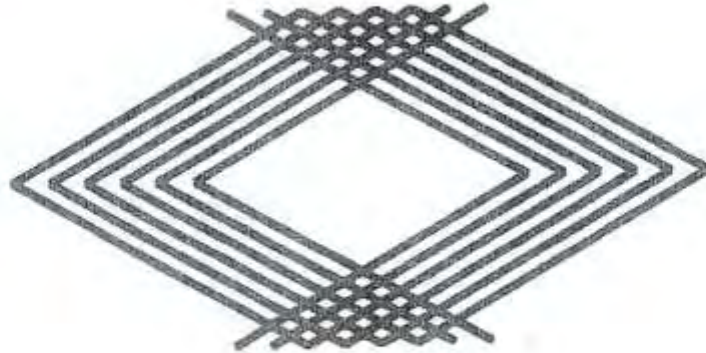
It is not possible for any Statement of Business Principles to cover every eventuality, nor should it. Business life is increasingly about employees having the freedom to take decisions, as long as these are consistent with the Operating Policies of the Company.

It is therefore inevitable that there will arise occasions where employees are faced with situations not covered by the policy, precedent or procedure and have to decide on the most appropriate course/s of action to undertake. In these situations, employees are enjoined to act within the framework of what is legal, moral, fair and honest.



A N N E X “E”

CADP Safety Code



C A D P

SAFETY CODE

Atty. Florencio Maramba, Jr.
CENTRAL AZUCARERA DON PEDRO
Nasugbu, Batangas

CADP SAFETY CODE

CADP SAFETY CODE has been prepared and issued for the sole purpose of preventing accidents, which result in injuries to our employees and damage to company property.

Top management has always regarded our employees and their skills as the most important resource and valuable asset of the industry so that every possible and practical safeguard should be provided for their protection.

Accidents are costly. Substantial savings can be realized by preventing them.

The instructions and general safety rules contained in this code have been formulated by the Environmental Management and Safety Department after giving a great deal of thought to the various factors which make up for safe and accident-free working condition in the various plants and work units of **Central Azucarera Don Pedro**.

It is our hope that you will read this **Safety Code** carefully and refer to it frequently, so that you will be guided accordingly in order to prevent accidents to yourself and your fellow employees.

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CHAPTER 1 – GENERAL INFORMATION

1.1 COMPANY SAFETY POLICY

The management of Central Azucarera Don Pedro (CADP), conscious of its obligation to protect and preserve its resources especially the welfare and safety of its employees and control losses at manageable level in order to attain its production goals with a fair return of its investments, hereby declares this **Company Safety Policy**.

Management headed by the President believes that personal injury and damage to property caused by accidents are unnecessary that can make or break the company thereby all available and practical means shall be taken for their prevention.

Management regards safety as its primary responsibility thereby all phases of planning and operation must comply with safety regulations.

The Vice-Presidents and the respective Department Heads/ Superintendents under their Divisions are fully responsible for the maintenance of safe working conditions and the carrying out of the safety and health programs of the company.

Supervisors in all levels are directly responsible for safety. It is their duty to inspect and correct unsafe work practices and unsafe conditions in the workplace, investigate and report all accidents; develop and maintain a good safety disposition in their subordinates.

The Safety Officer is responsible for assisting and advising Management on all matters pertaining to safety in compliance with Occupational Safety and Health Standards of the government.

Finally, every employee is responsible for his own safety. It is his duty to observe and follow safety rules, regulations and practices to make safety a part of his life.

**(SGD.) MIGUEL ANGEL GASPAR
PRESIDENT – COO**

1.2 GENERAL RESPONSIBILITY

- a. Each and every employee is required to study and observe the rules provided in this code, particularly those applying to his duties.

1.3 PLANT MANAGEMENT RESPONSIBILITY

- a. Plant Management should provide the guidance necessary for the implementation of this code.
- b. Plant Management should provide the equipment as required for the effective implementation of the provision of this code.
- c. Plant Management should set the disciplinary action against violators of this code as deemed applicable by their respective work units.

1.4 SUPERVISOR'S RESPONSIBILITY

- a. Each supervisor shall see to it that employees under his direct supervision observe safety rules embodied in this code.
- b. Where other safety precautions are necessary in the performance of a particular job, the supervisor or the employee shall undertake said necessary precaution to insure safe work operations.

1.5 WORKER'S RESPONSIBILITY

- a. Obedience to safety regulations while on duty is the responsibility of every person employed. Cooperation to the Safety Program is essential for the efficient performance of any job.

- b. Any person in doubt as to the correct meaning and interpretation in any rule as set forth in this set of rules must secure an explanation from his immediate superior.
- c. Accidents can happen through inexperience and insufficient training. If you do not know the correct manner of doing a job, ask your superior for instruction. It is always better to ask than to suffer an injury through not knowing.
- d. Report immediately all unsafe conditions and unsafe tools or equipment to your superior, to the Environmental Management and Safety Department, or to the Safety Officer in the field, as this will prevent accidents. Supervisors must see to it that corrective actions are taken.
- e. No intoxicating liquor shall be brought or consumed at working places. Persons found on duty in an intoxicated condition, or carrying intoxicating liquor on the job, will be subjected to disciplinary action. A person who comes to work in an intoxicated condition will not be allowed to enter job premises.
- f. Always obey safety signs placed throughout the premises, as these have the purpose of warning personnel of existing hazards.
- g. Pay strict attention to your work. Practical joking or horseplay is prohibited.
- h. Any injury suffered by an employee, no matter how slight, must be reported at once to the employee's immediate supervisor or superior and treated at the CADP Hospital.

CHAPTER 2 - GOOD HOUSEKEEPING

- 2.1 All loose objects that may involve stumbling hazards should be removed from the floor immediately, especially on or in the vicinity of passageways for personnel or vehicles, stairways, ramps, etc.
- 2.2 Clean up or remove immediately any grease, oil or other liquids spilled on the floor, on order to prevent slipping hazards. Avoid spilling such liquids.
- 2.3 Never leave unprotected floor openings. If the job has not been completed, a suitable protection should be placed around it. In addition, warning lights should be installed at nighttime if such openings are in public roads or traffic passageways.
- 2.4 Repair and maintenance personnel are required to clean up the place after their job is completed. This includes scraps of metal or wood, refuse, sawdust, wood shaving, wires, oil rags, spilled liquid, etc.
- 2.5 Never leave protruding nails where they can be stepped on by other persons. If nails cannot be pulled out or bent immediately, pieces of lumber with protruding nail should be piled out of the way with nails facing down, until they can be transported to a more suitable location.
- 2.6 Always keep your workbench, toolbox, drawer or locker orderly manner. Acquire the habit of keeping tools in proper racks, or in such a manner that they will not cause injuries to yourself or others.

- 2.7 Oily waste or rags should be disposed of in covered metal containers, as there exist the danger of spontaneous combustion. For this reason, they should not be left in open containers or inside lockers.
- 2.8 Waste cans should be emptied daily.
- 2.9 Cooperate for the better appearances of your place of work, and your improved personal comfort, by keeping toilets, rooms and sanitary appliances clean and orderly at all times.
- 2.10 Broken glass is dangerous. Do not pick up with bare hands: SWEEP IT UP. Do not throw broken glass away into waste paper basket, but in metal trashcans.
- 2.11 Round goods or material like drums should be blocked from rolling. Gas cylinders should be in upright position, and when located in a moving vehicle, should be chained.
- 2.12 Leftovers or cuttings of the job such as lumber, scrap metal, welding butts, etc., should not be left scattered around as they pose tripping and falling hazards. They should be properly disposed of or stored if still usable.
- 2.13 Aisles and passageways should be properly lighted, marked and free from obstructions.
- 2.14 Accumulation of all types of dust should be cleaned at regular intervals from overhead pipes, beams, ledges and machines.
- 2.15 Parking and loading areas should be properly marked.
- 2.16 Outside (yard) storage should be well arranged.

CHAPTER 3 – MATERIALS HANDLING & STORAGE

Handling Materials

- 3.1 To avoid painful back injuries, LIFT WITH YOUR LEGS, not with your back. In other words, bend your knees and keep your back straight.
- 3.2 Do not load, beyond its rated capacity, any device for handling or transporting materials (cranes, trucks, elevators, cages, etc.).
- 3.3 Never stand under suspended loads or material being hoisted.
- 3.4 No person should attempt to lift or carry load beyond his strength and ability to handle it safely. Get help if necessary, as this will prevent painful injuries resulting from over exertion.
- 3.5 Two or more persons carrying long material (piece of lumber strengths of piping, bundles of metal rods, etc.) should always transport on the same shoulder.
- 3.6 When carrying long objects on shoulder (one-man carry), raise forward end to clear heads of other persons, especially when reaching blind corners.
- 3.7 Never carry a material in such manner that will obstruct your vision of way ahead. This is especially important when going down or up stairways, manways, runways, ramps, etc.

CHAPTER 4 – MACHINE GUARDING

Machine Guards

- 4.1 Any guard should have the following characteristics to be fully effective:
- Afford maximum positive protection.
 - Prevent access to the dangerous zone during operation.
 - Be convenient; it must not interfere with the efficient operation of the machine nor cause discomfort to the operator.
 - Be designed for the specific job and specific machine, with provisions made for oiling, inspection, dusting and repairing of the machine parts.
 - Be durable, resistant to fire and corrosion, and easily repaired.
 - Be constructed strongly enough to resist normal wear and shock, and withstand long use with minimum maintenance.
- 4.2 Any portion of a flywheel 7 ft. or less from the floor or platform should be guarded with an enclosure of sheet metal or rail guard.
- 4.3 Railings should be placed not less than 15 in. nor more than 20 in. from the rim of the wheel. It should not be less than 1 in. high. Standard toeboards should be provided from any flywheel, which extends into a pit or is within 12 in. of the floor.
- 4.4 Regardless of the diameter of a flywheel, if any portion of it protrudes through a working floor, that portion should be entirely enclosed or surrounded by a railguard.
- 4.5 Shaft couplings should be provided with covers or sleeves.
- 4.6 Exposed portions of horizontal shafting 7 ft. less from the floor or working platform, exclusive of runways used only for oiling or adjusting, should be enclosed by a three-sided trough or stationary casing.
- 4.7 Vertical or inclined shafting should be enclosed to a height of 7 ft. above the floor or working platform.
- 4.8 Any portion of a pulley that projects below a point of 7 ft. above the floor or platform should be enclosed to that point.
- 4.9 Pulleys regardless of speed should be enclosed at least to the in-running nip point.
- 4.10 Horizontal transmission belts 7 ft. or less from floor levels, travelling in excess of 250 fpm should be enclosed.
- 4.11 Vertical and inclined belts on any width and at any speed in excess of 250 fpm should be enclosed to a height of 7 ft.
- 4.12 Gears, sprockets and chain should be protected by one of these means:
- A complete enclosure on all sides with no opening in the guard exceeding $\frac{1}{2}$ in., if the guard is within 4 in. from the gear.

- b. A woven wire or expanded, perforated or sheet metal guard at least 7 ft. high, placed between 4 and 15 in. from the moving gear on all sides.

Working Around Machinery

- 4.13 Machine guard shall not be removed except for the purpose of inspection and repairs to the machine guards or machinery. Guard should not be removed while machine is in operation. After such repairs have been completed the guards shall immediately be replaced.
- 4.14 Machine should not be started unless the guards are in place and in good condition. Defective or missing guards should be reported to the foreman at once.
- 4.15 Whenever safeguard devices are removed for repair, adjustment or to service equipment (lubrication and maintenance), the power for the equipment should be turned off and the main switch locked and tagged.
- 4.16 A danger tag or lock shall be removed from a switch or other control etc. only by the person who so placed it.
- 4.17 One must not depend on a tag or tags placed by men from another department, they must be protected by their own individual or party tags.
- 4.18 Tags must be placed on the control machine, etc. only when such equipment is in the correct non-dangerous position and placed so that they will not become detached or destroyed.

- 14.19 No switch, valves or other machinery and controls shall be operated when a danger tag is attached.
- 14.20 Never operate a machine or mechanical equipment without the proper authority.
- 14.21 Do not leave machinery running unattended.
- 14.22 Only electricians must repair electrical equipment. Needed repair must be reported to the foreman or electrician on duty.

CHAPTER 5 – ELECTRICAL SAFETY

- 5.1 Only authorized person shall make repairs or work on electrical equipment.
- 5.2 Steam, water or oil leaks near electrical equipment shall be reported immediately to the supervisor-in-charge.
- 5.3 Electrical equipment, which is heating or sparking excessively, shall be cut out and an electrician called to correct the condition.
- 5.4 Working surfaces shall be kept dry when working with or near electrical apparatus.
- 5.5 The frames of all portable electrical equipment must be securely grounded before use.
- 5.6 Equipment or machinery shall not be operated within ten (10) feet from any high-tension power line.
- 5.7 All electrical wires must be considered live until proven that they are not.
- 5.8 A switch shall not be closed without full knowledge as to why the circuit is open. Only the person who tagged the switch open shall remove the tag on a switch.
- 5.9 Only explosion proof motors and/or vapor-proof fixtures, extension lights, and/or flashlights, shall be used in gaseous atmospheres.
- 5.10 All portable extension lamps must be provided with guard. Do not use lamps with frayed or worn extension cords.
- 5.11 Substantial insulation, grounds or other protection shall be provided during operations to protect employees from injuries resulting from temporary or permanent electric wiring or apparatus.
- 5.12 Wiring equipment such as fastenings, connections, etc. where accessible to workmen shall be nonconductive and/or where conductive equipment is used, the same shall be guarded so as to protect workmen against injury.
- 5.13 No work shall be done on any wiring or equipment carrying 600 volts or over until the portion being worked upon is protected on both sides by grounds, blocks, by-passes, hold-off systems or by other effective means.
- 5.14 All work on electric wiring or equipment carrying 600 volts or more, shall be performed by men competent and qualified in high voltage installations.
- 5.15 Suitable insulating mats or platforms of substantial construction and providing good footing shall be so placed on floors and, if necessary, on the frames of the machines having exposed live parts of more than 150 volts to ground, that the operator persons in the vicinity cannot readily touch such parts unless standing on the mats, platforms or insulating floors.

- 5.16 Overloading of electric circuits is prohibited. All circuits shall be fused or have circuit breakers adjusted for the designated safe load.
- 5.17 The use of slugs or jumpers on circuit breaking devices is prohibited
- 5.18 When temporary wiring is used in tanks, cofferdams or other confined spaces, an approved type switch shall be provided at the entrance of such spaces for cutting off the current in emergencies.
- 5.19 When maintenance or repair work must be done on energized conductors, it is advisable to have two or more employees work together.
- 5.20 The use of temporary wiring should be discouraged even though it may be reasonably safe when first put in.
- 5.21 When additional equipment is being installed or operated under temporary conditions, no taps should be made into an existing circuit unless an individual switch is installed in the branch line.
- 5.22 Rubber gloves should not be used as a substitute for safety devices or procedures, but are worn as a supplementary measure.
- 5.23 Warning signs should be displayed near exposed current-carrying parts and in especially hazardous areas, such as high voltage.

- 5.24 Good illumination should be provided for the front and rear of switchboards and maintained ready for use at all times.
- 5.25 Switches, fuses and automatic circuit breakers should be plainly marked and arranged to afford ready identification of circuits or equipment supplied through them.
- 5.26 When installed along passageways, switchboard panels should be protected by guardrails or barriers.

CHAPTER 6 – HAND TOOLS SAFETY

- 6.1 Select the right tools for the job.
- 6.2 Never substitute proper tools, material or equipment. Use only approved implements provided for performing the job safely and well.
- 6.3 Use tools the right way with proper positioning, system operation and movement consideration.
- 6.4 Tools must be removed from the work place when the job has been completed.
- 6.5 The tool bucket should be kept free from broken glass, broken pieces of porcelain, nails and other materials, which might puncture rubber gloves and portable equipment protective insulation.
- 6.6 Tools and other equipment used on company work should be subjected to inspection by the foreman at all times and should be inspected periodically. Defective tools or articles should be used until properly repaired or replaced.
- 6.7 Tools or materials should not be thrown or tossed from one employee to another. They should not be placed or permitted to remain on narrow pathways or on scaffolding or where it would create a stumbling hazard or be placed in a position where they may fall on someone.
- 6.8 Pointed tools should never be carried edge or point up in workman's pocket or shoulder. They should be carried in a tool box or in a pocket tool pouch, or in the hands with points and cutting edges away from the body and from any person following.
- 6.9 When working in an elevated position all tools and small materials should be raised and/or lowered in a canvas bucket or insulated container. This container should also be used for the storage of tools and materials while in the working position. Tools should not be stored on cross-arms.
- 6.10 Tools should not be thrown from the ground to the working position or vice versa.
- 6.11 Keep all hand tools, whether your own or the company's in first class condition at all times. Tools should be kept free from grease and dirt.
- 6.12 Never use mushroomed or cracked heads, or tools with loose or broken handles. Either repair a bad tool at once or secure a replacement.
- 6.13 Chisels, hammers, wedges and other striking tools must be inspected at weekly intervals. No mushroomed or cracked tools are permitted, and they should be dressed by proper grinding.
- 6.14 When two or more persons are working close together in confined place (inside hulls, tanks, etc), proper coordination of the movements is essential so as to prevent causing injuries to one another with tools being handled.

- 6.15 Brittle tools, such as files and rasps, must not be stacked with other metal tools. Files and other tools with pointed stems must not be used without corresponding handles.
- 6.16 Do not use excessive pressure or force on hand tools. If the tool requires too much exertion (such as adding a piece of pipe to a wrench), it is not the right tool for the job. Get one of correct size and design.
- 6.17 In most cases it is safer to pull on a hand tool rather than push on it.
- 6.18 Portable electrical tools must be in good operating condition and properly grounded. Handle the cord carefully to avoid damage.
- 6.19 Keep a handsaw sharp and in good condition, with teeth properly set and clean.
- 6.20 When using a handsaw, start the cut with two long pulls up, guiding with the thumb.
- 6.21 Use only screwdrivers in good condition, and that fit the screw. Never use for leverage or for prying things open.
- 6.22 The safest way to hold a cold chisel, whenever possible, is between thumb and forefinger, palm up. If the tool is gripped in the fist and a blow misses the chisel head, it may strike your knuckles and result in painful and disabling injuries.

CHAPTER 7 – SPECIAL EQUIPMENT SAFETY

Scaffolds and Ladders

- 7.1 Erected scaffolds should be inspected by the workman in-charge regularly to make sure they are maintained in safe condition.
- 7.2 Never use makeshift or improvised scaffolding. If scaffolding is required, make sure a safe one is erected.
- 7.3 Never use ladders or makeshift devices on top of scaffolding to increase its height.
- 7.4 Safety lines or ropes at least 5/8" in diameter securely anchored at the top should be provided for each man on a swinging scaffold.
- 7.5 Ladders should be examined before using and the side rails, spurs, shoes, rungs, etc., shall be in good condition. If found defective, they should be replaced.
- 7.6 Ladders must be placed at a safe working angle with the footing secured and whenever practicable, ladder shoes or spurs must be used to prevent the possibility of ladders slipping. Where surface is slippery or where other conditions subject the man on the ladder to any unusual hazard, another man shall otherwise be secured.
- 7.7 When using a ladder the workman should not reach so far to the side as to unbalance himself on the ladder.

- 7.8 Portable meal ladder or wooden ladders with metal side rail reinforcement and metal rungs should not be used in substitution or at other locations where there is danger of contact with energized parts.
- 7.9 Stepladders shall be equipped with a metal spreader or locking device of sufficient size and strength to securely hold the front and back section in open position.
- 7.10 Never use ladders in horizontal position as runways or as scaffolds.
- 7.11 Never position a ladder in front of a door that opens toward the ladder unless the door is locked or guarded.
- 7.12 Never place a ladder against pane or sash.
- 7.13 Always provide solid footing on soft ground to prevent the ladder from sinking.
- 7.14 Never lean a ladder against unsafe backing such as loose boxes or barrels.
- 7.15 Be sure that a stepladder is fully open and extended before you start to climb. Always face ladder and hold on with both hands which is kept free of tools or other matters whenever ascending or descending a ladder.
- 7.16 Do not use ladders during a strong wind except when emergency and then only when they are securely tied.

Heavy Equipment

- 7.17 Particular attention should be given to the handling of heavy weights, selection and adjustments of the slings and the type of hitches used. The person in charge should be familiar with safe loads for chains, cables and other lifting equipment. When moving heavy objects on inclines, employees should always have "follow-up" blocks in place that will prevent losing control of the objects being moved.
- 7.18 A regular program of inspection and maintenance to be performed only by qualified mechanics should be established for all heavy equipment.
- 7.19 The safe operation of heavy equipment should always involve the selection and training of operators and maintenance crew should be thorough and systematic.
- 7.20 A firm foundation is required under shovels and cranes and outriggers should be in place before loads are lifted.

CHAPTER 8 – CHEMICALS AND GASES

Handling of Chemicals

- 8.1 Bottles, cans and other containers of chemicals shall be clearly and properly labeled and a system should be maintained to ensure that a label is replaced before it becomes unreadable.
- 8.2 Inhalation of excessive amounts of solvent's vapor should be avoided. Use appropriate personal protective equipment.
- 8.3 Frequent washing with the use of large quantities of water is necessary after exposure to irritants.
- 8.4 Leaking containers should be remedied immediately by transferring the chemical to sound containers.
- 8.5 Spills should be cleaned up promptly by workers wearing protective equipment.
- 8.6 Chemicals should be handled in strict compliance with the rules given for their type as shown on the label.
- 8.7 Chemicals which might react together to produce dangerous fumes, fire or explosion shall be stored separately.

Laboratory Work

- 8.8 The laboratory's ventilation system must be properly maintained.
- 8.9 When work has to be done with explosively unstable substances, suitable shields should be designed which allow the necessary manipulation while providing protection for the worker.
- 8.10 Laboratories should be fully equipped with a complete range of personal protective equipment.
- 8.11 The importance of personal hygiene should be stressed and it should be pointed out that long hair, beards and moustaches increase the hazards of contamination.
- 8.12 Never open bottles or containers of highly volatile flammable chemicals, liquids or gases in a room where there are open flames unless special precautions for ventilation are taken and flames and burners are at a safe distance.
- 8.13 Never leave burners or fires of any kind going when not needed.
- 8.14 Maintain constant inspection of rubber tubing used on gas burners and prevent leaks of all kinds.
- 8.15 Know the location of and maintain emergency shower or eye wash fountain always in operating condition.

Combustible Gases

- 8.16 Equipment of handling and storing flammable gases should be constructed, inspected and maintained so that the danger of leakage and explosive mixture formation is reduced to a minimum.
- 8.17 Combustible gases may be stored in the open only if they are adequately protected from the weather and the direct sunlight. Storage areas should be located at a safe distance from occupied premises.
- 8.18 The premises of a depot should be adequately ventilated and a system of lighting which flameproof electrical switches should be installed.
- 8.19 Cylinders should be used for one gas only or properly cleaned before filling in with a different gas.
- 8.20 Cylinders of flammable gases shall never be stored in the same room as cylinders of oxygen.
- 8.21 To prevent the escape of gas, containers should be made from materials, which are not affected by high pressure and are not subject to corrosion.

CHAPTER 9 – MACHINE SHOP PRACTICES

Machine Shop

- 9.1 Do not wear gloves when working at the point of operation of any machine.
- 9.2 Power must be shut-off before placing work on or in the machine.
- 9.3 Welding works should be in shade or operating areas must be shielded to prevent glare to other workers around the shop.
- 9.4 Precautions should be taken against fires when cutting or welding near loose, flammable materials, air ducts, gas lines, acid tanks, electrical circuits, etc. See that proper extinguishers and fire watch is provided.
- 9.5 Never use oil gasoline compounds for washing hands and machinery's. Use proper cleansing agents.
- 9.6 When blowing out lines under pressure in order to clean them, make sure that you and other person will not be injured.
- 9.7 Do not reach over the machine to get materials worked on or finished work from the other side. Always walk around the machine to get materials from behind knives or saws.

- 9.8 Employees working about moving machinery or live equipment and circuits shall proceed with great care in performing their work considering carefully the effect of each act and doing nothing which might endanger themselves or others.
- 9.9 Never use compressed air for cleaning clothing or any part of your body. This practice is very dangerous, especially when carrying objects around the mouth, eyes, ears, etc.
- 9.10 When going downstairs, always use handrail, especially when carrying objects. Walk, do not run.

Machine Tools

- 9.11 Operation, adjustment and repair of any machine tool must be restricted to experienced and trained personnel or apprentices under close supervision.
- 9.12 Safe work procedures must be established, and short cuts and chance taking prohibited.
- 9.13 New equipment should be inspected and safety innovations made before allowing operator(s) to use the equipment.
- 9.14 Machine should never be left running unattended.
- 9.15 Manual adjusting and gauging (calipering) of work should not be permitted while the machine is running.

- 9.16 Operators should use brushes, vacuum equipment or special tooth for removing chips.

Gas Welding and Cutting

- 9.17 All persons engaged in the installation, maintenance and operation of apparatus and equipment shall be qualified by experience or instructed in safe methods before being permitted to engage in such operations.
- 9.18 All apparatus and equipment shall be completely inspected before being placed in service and weekly thereafter. Defective apparatus and equipment shall be removed from service, replaced or repaired and re-inspected before again being placed in service.
- 9.19 Cylinders shall be stored in definitely assigned places away from stairs, gangways or entrances to confined spaces. Assigned storage spaces shall be located where cylinders will not be knocked over or damaged by passing or falling object.
- 9.20 Cylinders containing oxygen shall be stored well away from cylinders containing combustible gases.
- 9.21 Cylinders permitted inside the building shall be stored in a well-protected, ventilated, dry location, well away from highly combustible material such as oil or excelsior and/or other sources of heat.
- 9.22 Valve protection caps shall always be in place, hand tight except when cylinders are in use or connected for use.

9.23 Oxygen shall not be used as a substitute for compressed air in pneumatic tools, in oil, preheating burners, to start internal combustion engines, to blow out pipelines, to "dust" clothing or work, or to create pressure, or for ventilation.

9.24 Fuel gas cylinder valves shall be opened only with tools specifically designed for that purpose. Oxygen cylinders, the valves of which cannot be opened by hand, shall be set aside and supplier notified.

9.25 Tampering with safety devices in cylinders or valves is prohibited.

9.26 A suitable track, chain or steadying device shall be used to keep cylinders from being knocked over while in use.

9.27 Fuel gas or oxygen cylinders will not be used without first attaching a regulator to the cylinder valve.

9.28 Cylinder valves not provided with fixed hand wheels shall have keys or handles on valves spindles or stems while cylinders are in service.

9.29 Operators shall be required to follow the procedure outlined by the manufacturer of the apparatus in use, in so far as they deal with the sequence of operations in lighting, adjusting and extinguishing blowpipe flames and connecting the apparatus to sources of gas supply. An acetylene cylinder valve shall not be opened more than $1\frac{1}{2}$ turns of the spindle.

9.30 Cylinders shall be kept in sufficient distance from the actual welding or cutting operations so that sparks, hot slag or flame will not reach them.

9.31 Cylinder valves shall be closed when work is finished or before moving cylinder.

9.32 Empty cylinders should be marked "MT" and segregated from full cylinders.

9.33 No one shall attempt to mix gases in a cylinder, refill a cylinder, or use it for other than intended by supplier.

9.34 Fuel gas cylinders found to have leaky valves or fittings which the closing of the valve will not stop shall be taken into the open away from any source of ignition and slowly drained of gas. Cylinders will be tagged and the owner notified.

9.35 Keep oxygen cylinders and fitting away from oil or grease. Cylinders, cylinder valves, couplings, regulators, hose and apparatus shall be kept free from oily hands or greasy substances and shall not be handled with oily hands or gloves. Oxygen cylinders shall never be handled on the same platform with oil or placed in a position where oil or grease is likely to fall upon them. A jet of oxygen should never be directed at oily surfaces, greasy clothes or into a fuel oil or other storage tank.

9.36 Hose connections shall be made through substantial fittings, and clamped or otherwise securely fastened so as to withstand, without leakage a pressure twice as great as the maximum pressure on the system.

Arc Welding and Cutting

- 9.37 Before starting operations, the operator should make certain that all electrical connections are securely made. The work connection should be attached firmly to the work. Work leads shall be as short as possible.
- 9.38 All equipment should regularly be checked to make certain that electrical connections and insulation on the holders and cable are in good order. Unsafe equipment should be reported to the proper supervisors, and use of such equipment discontinued until safe to operate.
- 9.39 Proper switching equipment for shutting down the welding machine shall be provided on or near the welding machine. A suitable motor starter of the hand or magnetic type shall be used.
- 9.40 A suitable means of control for varying the welding current over the specified welding range shall be provided. A suitable current indicating device, which shows the welding current corresponding to the setting of the generator control, shall be provided.
- 9.41 All parts of the motor and generator shall be bonded suitably enclosed and protected.
- 9.42 Neither terminal of the welding generator shall be bonded to the frame and protected.
- 9.43 All electrode holders shall be fully insulated, specifically designed for arc welding and of capacity to safely handle the maximum rated current required by the electrodes.
- 9.44 Electrodes shall be removed from the holder when not in use.
- 9.45 All welding cables shall be of the completely insulated type of proper size, etc., for the maximum current requirements of the work.
- 9.46 Only rubber-covered cable free from splices shall be permitted for a minimum distance of 10 feet from the electrode holder.
- 9.47 Lengths of cable shall be connected by substantial connectors of a capacity at least that of the cable.
- 9.48 Cable lugs shall be soldered to the cable and securely fastened to give full electrical contact. The exposed metal parts of the lugs shall be completely covered with rubber tape and protected with friction tape or equivalent protective covering.
- 9.49 All ground connections shall be mechanically strong and electrically adequate for the required current.
- 9.50 Proper electrical contact shall exist at all joints when a building structure or pipeline is used temporarily as ground return circuit.
- 9.51 Where a structure or pipeline is continuously employed as a ground return circuit, all joints shall be bonded and no condition of electrolysis or fire hazard permitted to exist.

- 9.52 Pipe lines containing gases or flammable liquids or conduits carrying electrical conductors will not be used for a ground return circuit.
- 9.53 Welding cables shall be kept dry where practicable and free from grease and oil.
- 9.54 A cable, which has become worn, exposing bare wires shall have that portion properly repaired or replaced.
- 9.55 When the operator has occasion to leave his work or stop work for any appreciable time, the power-supply switch in the equipment should be opened and the unit disconnected from the source of power.
- 9.56 Cable shall be substantially supported overhead. Special care shall be taken to see that welding supply cables are not in proximity to power supply cables or other high-tension wires.

Rule 1100 – Gas and Electric Welding and Cutting Operations

9.57 Gas and Electric Welding and Cutting Operations:

1100.01: General Provisions

- 1. Welding or cutting operations shall not be permitted in rooms or areas containing combustible materials or in proximity to explosives or flammable liquids, dust gases or vapors, until all fire and explosion hazards are eliminated.

- 2. Welding or cutting operations on containers filled with explosives or flammable substance is prohibited. Welding closed containers that have held explosive or flammable substance shall only be undertaken after the containers have been thoroughly cleaned and found completely free of combustible gases or vapors on the containers are filled with inert gas or with water.
- 3. Welding and cutting operations carried out or done in places where persons other than the welders work or pass shall be enclosed by means of suitable stationary or portable screens. Screens shall be opaque of sturdy construction to withstand rough usage of a material which will not readily be set on fire by sparks or hot metal, at least 2 m (6.5 ft) high, and preferably painted with light flat paint.
- 4. A portable fire extinguisher shall be provided at the place where welding and cutting operations are being undertaken.
- 5. Authorization before welding and cutting operations are allowed in large establishments, the area shall be inspected by the Safetyman. He shall issue a written permit or authorization for welding and cutting, indicating therein the precautions to be followed to avoid fire or accidents.

1100.02: Personal Protective Equipment

- 1. All workers or persons directly engaged in welding or cutting operations shall be provided with the following personal protective equipment:

- a) Goggles, helmets or head shields fitted with suitable filter lenses and hand shields, and
 - b) Suitable aprons
2. All persons directly assisting in welding or cutting operations shall be provided with goggles, gloves or other protective clothing, as may be necessary.

1100.03: Welding or Cutting in Confined Spaces

The inhalation of any fumes, gases or dusts by persons welding or cutting in confined spaces shall be prevented by the provision of:

- 1. Local exhaust and general ventilation system to keep fumes, gases or dusts within allowable concentrations or threshold limit values.
- 2. Approved types of respiratory protective equipment.

CHAPTER 10 - PERSONAL PROTECTIVE EQUIPMENT

- 10.1 Correct type of personal protective equipment must be prescribed by the Department Head and Supervisor. Wearing such equipment should be enforced by the supervisor.
- 10.2 It is the responsibility of personnel provided with personal protective equipment to wear them at their place of work and take good care of them at all times.
- 10.3 It is the obligation of every employee to report damage to personal protective equipment, so that they can be repaired or replaced immediately.
- 10.4 Make sure that you obtain a proper fit of the protective equipment issued to you (goggles, respirators, etc.) and that you understand how to use and maintain it in serviceable condition.
- 10.5 Everyone should dress properly for the job.
- 10.6 Safety headwear is obligatory where there are overhead activities.
- 10.7 Respiratory must be used for specific jobs like handling toxic/hazardous chemicals, dust and fumes.
- 10.8 Protect your feet by wearing shoes in good condition and of a type suitable for the work you do. For instance, tennis or basketball shoes are not recommended for most jobs, while in other types of work, low shoes are not safe.

- 10.9 Goggles, face-shields or helmets should be provided for personnel exposed to eye injuries and this equipment shall be worn during the whole time in which the hazard exists.
- 10.10 Corrective spectacles or eyeglasses should never be used as substitute for safety goggles.
- 10.11 Employees should use shield, goggles or helmet and gloves whenever operating burning or welding outfits. Welders and helpers should wear gauntlet gloves.
- 10.12 Never watch welding work unless you are wearing the correct filter glass.
- 10.13 Personnel handling acids, and caustics and other chemicals shall wear face shield or special rubber gloves goggles and suitable gloves, apart from protective apparel that may be provided by the supervisor.
- 10.14 Safety belts are required for work in electrical places.
- 10.15 Ropes or lines used with safety belts must be kept short to prevent long drops of the person, and kept secured at supporting points at all time. Ropes used as life line should be in first class condition, and those showing frayed spot, damaged or which have been used around acids or caustics must be discarded from such service.
- 10.16 Gloves should be provided for occupations requiring hand protection, and they should be worn whenever necessary. Exception is made when around machine tools in operation.

CHAPTER 11 – BOILERS and PRESSURE VESSELS

BOILERS

- 11.1 A test and servicing program should be established whereby operating controls, safety controls and safety and relief valves would be tested and maintained at regular intervals.
- 11.2 Repairs should be made immediately upon indication of malfunction or leakage of operating controls, safety controls or safety and relief valves. Never operate with a malfunctioning safety or relief valve.
- 11.3 Enforce the keeping of a boiler log to ensure those necessary tests, maintenance and services performed and that records are available at all times.
- 11.4 Repairs and adjustments, such as tightening up flanged fittings, shall not be made on boilers and steam lines while under pressure.
- 11.5 Rules for both routine and emergency boiler operations should be posted permanently and legibly in the boiler room.
- 11.6 In addition to being well illuminated, the boiler should have a source of emergency lighting.
- 11.7 Repair of pressure parts of boiler or pressure vessel shall only be done after the plans and specifications of materials are approved by the Bureau, Regional Labor Office concerned.

11.8 The following precautions should be taken when maintaining Boilers:

- a. When it is necessary for employees to execute work inside of drums or other internal portions of boilers, they shall first secure release from boiler house foreman or engineer in charge. Such work must not be done by any employee of the plant without having first received specific instructions from either the chief engineer, his foreman or some other person designated to supervise the work.
- b. Before employees will be allowed to enter boiler for cleaning, inspecting or repairing, each of the boiler valves shall be securely closed and locked or sealed, "TAGGED" with the name of the foreman who called the apparatus out of service, and proper danger signs installed reading "DANGER MAN WORKING IN BOILER".
- c. On all water tube boilers when there is manhole on each of drum it is advisable that both manholes on each drum be removed before employees enter the boiler. On horizontal return tubular boilers, it is advisable that the manholes on the upper as well as the lower part be removed.
- d. When working in boilers, employees should assure themselves that electrical lighting equipment is adequate.
- e. No volatile inflammable shall be used for cleaning purposes. Oily waste or oil saturated clothing shall not be permitted inside any boiler drums except in cases where it is necessary to use welding or gas and cutting equipment.

- f. No boiler drum, combustion chamber, condenser shell or heater should be closed or sealed until it has been made absolutely certain that no one is inside.
- g. When slugging or cleaning boiler furnaces, it is recommended that men be equipped with goggles, suitable respirators or hose mask equipment and safety helmets.

Unfired Pressure Vessels

11.9 Servicing and maintenance of unfired pressure vessels are governed by the following:

- a. Pressure vessels should be inspected regularly by persons who qualified and trained for this work.
- b. Before being entered into a vessel must be properly drained, ventilated and cleared of flammable or toxic gas. All connecting pipelines should be disconnected and blanked, or valves on the line should be closed, locked out and tagged.
- c. Men lowered into vessels should carry with them facilities to climb back out themselves.
- d. Compressed gas or air should never be used to test an unfired pressure vessel above its safe working pressure. Although it can be used to test for leaks at pressure below the working pressures.
- e. In conducting a hydrostatic test:
 1. Gauges should be checked to make sure they are in good working order and read accurately. Gauge connections should be checked to make sure they are clear.

2. It should be ascertained that all threaded connections are made suitable for the highest pressure to be encountered.
3. Any piping connected to the vessel under test should be suitable for the highest pressure to be encountered.
4. Vents should be provided at all high points of the vessel in its test position.
5. Operators should be instructed to open cover plates on removable doors only after the vessel has been relieved of all pressure.
6. Areas where high gas-pressure systems are operating should be restricted to all but necessary personnel.

CHAPTER 12 – WORKING IN CONFINED SPACES

- 12.1 An employee should only enter a chamber or other semi-enclosed area with the knowledge of his foreman or other responsible person. Danger tags shall be placed at the openings and such tag shall not be removed until the work has been completed and then only by the person who so placed it.
- 12.2 When men working inside boilers, air heaters, tanks, etc., a sign stating "DANGER – MEN INSIDE" should be placed outside the enclosure in a conspicuous spot. These signs may be removed only by the foreman or men assigned to do the work after they had made certain that the interior work is finished and the workers as well as tools and equipment are out of the enclosure. No piece of equipment should be sealed, shut or energized while it is blocked off with a "DANGER – MEN INSIDE" sign.
- 12.3 In case an electric welding equipment should be used in confined spaces, make sure before entering that the helper knows how to switch it off in case of emergency.
- 12.4 Never use oxygen from your torch to clean down a job to be welded particularly in a closed space.
- 12.5 Observe precautions on Pre-entry and occupancy:
 - a. When necessary clean the space to remove all residual contaminants such as solvents and organic materials where work in boilers and furnaces is to be done, allow adequate time for cooling.

- b. All valves and switches connected with the operation of the confined space must be closed and locked to prevent accidental introduction of contaminants, hot water, live steam or starting of equipment within the space when it is occupied.
- c. If possible, provide continuous ventilation during occupancy.
- d. Lifeline should constantly be held by a second standby worker who should continuously watch the worker in the confined space to permit rapid removal of the worker in an emergency.

CHAPTER 13 – OFFICE SAFETY

Office Behavior

- 13.1 Fighting, wrestling, practical jokes or any form of horseplay is prohibited inside the office, or in the plant compound.
- 13.2 Avoid placing of feet on the desk while leaning back on the chair, nor should you scoot across the floor with your chair.
- 13.3 Never report for work while intoxicated or under the influence of intoxicating substances.
- 13.4 When opening a door, stay out of the path of its swing. Another employee might be on the other side opening it too.
- 13.5 Under circumstances should employee unduly hurry when on hazardous work?
- 13.6 Never throw cigarette butts in trashcans, use ashtrays.
- 13.7 Floors and aisles in the work area must be kept free and unobstructed.
- 13.8 Keep lockers and cabinets clean, neat and orderly.
- 13.9 Never store oil-soaked rags, floor wax, paints, thinners and other flammable materials inside safety vaults.
- 13.10 Do not smoke inside elevators. •

Office Equipment

- 13.11 Telephone and electrical cables should not protrude over bar passageways. These and other obstructions such as low tables and office equipment should be protected by being placed against walls or partition, under desks or in corners.
- 13.12 Two or more file drawers should not be opened at the same time nor pulled out too far that may cause file cabinets to be unbalanced.
- 13.13 File drawers should not open into aisles unless extra space is provided for this. Particularly, file drawers should not open into narrow aisles. Pencil sharpeners and typewriter carriages must not jut out into the aisles.
- 13.14 Wastebaskets should be kept where people do not trip over them.
- 13.15 Office furniture should be devoid of sharp corners and burrs. If it has, it should be corrected immediately.
- 13.16 Electric office machines should be carefully taken care of to prevent damage to machine, and grounded to prevent electric shock.
- 13.17 Never leave file drawers open. Other persons in the vicinity should be warned of an open file drawer to avert bumping against it.
- 13.18 Heavy objects should be kept off the top of file cabinets and other high furniture.
- 13.19 Thumbtacks and other sharp objects should not be thrown loosely into drawers. They should be kept in a box or other appropriate containers.

CHAPTER 14 – CONSTRUCTION SAFETY

Structure Demolition

The following are to be observed:

- 14.1 Only minor demolition work should be done by plant personnel.
- 14.2 Make provision to keep the public and unauthorized plant employees at least 15 ft. away from the structure.
- 14.3 Disconnect utility services (gas, steam and electricity) outside the building. Maintain waterlines as long as possible or install temporary water sources for fire protection and for wetting down the site to reduce dust.
- 14.4 Remove all glass doors and windows throughout the structure.
- 14.5 Strip of lath and plaster to eliminate excessive dust during succeeding operations.
- 14.6 Remove chimneys and extension of walls above the roof level while working from the roof.
- 14.7 Walls should be removed by picking them apart. Work from scaffolds supported independently of the walls.
- 14.8 Remove all debris promptly.
- 14.9 Avoid subjecting walls to lateral pressure from stored material or to lateral impact from falling material.

14.10 Barricade any area where material is being dumped and place screens where necessary to protect workmen from flying pieces.

14.11 Permit no employee to work below others.

14.12 Combustible structures should be surveyed to make sure that demolition would not affect their soundness and weather tightness.

14.13 Traffic control when necessary, should be set-up to facilitate the removal of rubbish.

14.14 Fire hoses should be made available. Access to the area and supply of water should be maintained for the fire department.

Excavation

On excavation works the following precautions should be observed:

14.15 Excavation along the public highway and other frequented places shall be properly protected by placing barriers, suitable guards, warning signs, red flags or danger signals so located as to be conspicuous to traffic.

14.16 When excavations are to be left unattended at night, not less than two danger lanterns should be used.

14.17 Barricades of materials having protruding nails should not be permitted.

- 14.18 All excavations should be carefully refilled until such time as permanent paving can be done. All refilling must be well tamped.
- 14.19 Ditching machines should be provided with suitable walkways, footboards and railings and proper safeguards over gears, chains and other moving parts. Employees should not be allowed to stand near digging buckets while machine is in operation.
- 14.20 Before any attempt is made to excavate, locations of underground pipes or electric lines should first be determined.
- 14.21 Material excavated by machine should be thrown at least 24 inches from the edge of the excavation but not aisles or work areas in the plant.
- 14.22 Excavated material should not be permitted to accumulate in a busy work area, but should be tacked or otherwise removed.
- 14.23 Pick and shovel men working in excavations should be kept far enough apart to prevent injury to one another.
- 14.24 Excavations should be barricaded to prevent employees or others from falling into them.
- 14.25 Dry drilling is not permitted underground to avoid serious health risk from silica dust.

Good Housekeeping at Construction Site

- 4.26 All discarded material must be removed from the job at once.
- 4.27 Combustible material yet to be used should be stored where it is safe from careless workmen or incendiary.
- 4.28 The job should be kept clean and the rubbish removed from the site daily.
- 4.29 A rubbish chute discharging from each floor into a transportable container should be provided to take care of small loose objects.
- 4.30 Throwing rubbish over the side or out window openings should be strictly prohibited.

Site Clearing

- 14.31 A space around the construction-site must be provided for delivery and storage of materials and offices and "shanties" for the men.

Woodwork

- 14.32 Except for the amount for immediate need, lumber is best stored outdoors.
- 14.33 If lumber must be handled manually to or from a higher pile, the pile should not be more than 16 ft. high and safe means of access to the top such as ladder should be provided.

- 14.34 Lumber stored outdoors should be covered to prevent checking or twisting. Lumber stored indoors should be in a well-ventilated building.
- 14.35 Cutting tools should be kept well sharpened and correctly balanced on their spindles and the whole machine should be placed on a vibration-damping base to minimize the amount of noise generated.
- 14.36 Operators should be given detailed instruction in the use of their machines and particular attention should be paid to the correct setting of guards and the use of pushsticks when machining small stock.
- 14.37 Whenever possible, sawdust and shavings should be taken off automatically from the machine; where automatic collector system is unavailable, waste should be swept up regularly to minimize the fire hazard.
- 14.38 When the work necessitates the use of a wide range of adhesives it should, if necessary, be carried out under exhaust ventilation.
- 14.39 Sanding appliances should be fitted with integral exhaust equipment or sanding be carried out under an exhaust hood.
- 14.40 All woodworking machinery should be effectively guarded to protect the operator and other employees from hazards inherent to their operation.

14.41 A power control device should be provided on each machine to make it possible for the operator to cut off the power to the machine without leaving his position at the point of operation.

14.42 Power and operating controls should be located within easy reach of the operator while he is at his regular work position, making it unnecessary for him to reach over the cutter to make adjustment.

This does not apply to constant pressure controls used only for set-up purposes

14.43 Each operating treadle shall be protected against unexpected or accidental tripping.

14.44 When sawing small pieces, always use a notched pusher piece to push small pieces through the saw and not with your hand.

14.45 Be alert to the danger of a kickback of materials passing through the pony planner.

Pipework

14.46 Before work is done on a pipeline, the line must be shot off, valves locked and tagged, and the section of the line relieved of pressure and drained.

14.47 To prevent hands from slipping, maintenance men should carry a piece of waste or a rag in their pocket to wipe off excessive oil on pipes and fittings.

14.48 Gloves should be worn when handling pipes and fittings, especially when ends are threaded.

14.49 Pipes should be checked for burrs and these should be filed off immediately.

14.50 Pipes should be color-coded, especially those carrying potable water for drinking or for food preparation.

14.51 When a job involves a considerable amount of pipework, the materials should be moved to strategic points as the job progresses, to eliminate spillage, accumulation and reduce the amount handling.

Public Safety

14.52 Barricades, fences and guardrails should be set-up and appropriate warning signs should be posted.

14.53 Night lighting should be provided when necessary, especially in areas where open trenches or ditches create hazard in aisles and roadways.

14.54 If construction is about the sidewalk, blocking off the sidewalk with a fence must protect pedestrians.

14.55 When gates in the fence are open they should be guarded to warn pedestrian and vehicles when deliveries are being made.

Painting

14.56 No smoking and no open flames are permitted in the paint shed or in the spray room.

14.57 All paints, thinners and cleaning fluid must be stored in a place provided and with the lids of containers tightly covered and closed.

14.58 Respirators must be worn during painting jobs and when in the open air, advantage should always be taken of the wind directions.

CHAPTER 15 – FIRE PREVENTION and CONTROL

Fire Prevention Practices

- 15.1 Fire hazard should be detected and eliminated through frequent and regular inspection.
- 15.2 Employee/s should eliminate or report to their immediate supervisor fire hazards, particularly in their work area, which may cause the loss of life or destruction of company property.
- 15.3 Fire fighting equipment should be checked regularly to be sure that it is ready for any emergency.
- 15.4 If a fire starts and you cannot put it out during the first few moments, do not lose valuable time trying to extinguish it without proper assistance facilities. A fire allowed to spread is difficult to control. Call the telephone operator, giving your name, indicating the exact location of the fire. Briefly, the correct procedure is as follows:
 - a. Give the alarm at once.
 - b. Try to put the fire out.
 - c. Get help – do not lose valuable time.
- 15.5 It is everyone's duty to know the location of fire control facilities, such as portable extinguisher, emergency and exit doors, etc. that have been made available in the vicinity.
- 15.6 Learn the mode of operation of fire extinguishers and proper application as to the fire of fire. This knowledge may be of extreme importance during an emergency condition.
- 15.7 It is absolutely prohibited to smoke or use open flames in restricted areas, which have been provided with "NO SMOKING" signs. These areas comprise storage's or highly combustible goods, explosives, flammable materials, etc.
- 15.8 Accumulation of all types of dust should be cleared at regular intervals particularly from bearings and other heated surface.
- 15.9 Aisles and doorways should be kept clear and should be wide enough to allow rapid use of hose reel carts or other mobile equipment.
- 15.10 When it becomes necessary to build a fire location where there is the possibility of its propagating beyond control, a portable fire extinguisher should be made available. The fire must be watched closely, and it must be extinguished if left unattended.
- 15.11 Do not discard cigarette butts or matches carelessly. Always use ashtrays or other suitable containers.
- 15.12 Do not obstruct fire exits. Exit doors must be well marked and must not be locked and routes to nearest exits (through doors, windows, ladderways, etc.) must be easily accessible.

- 15.13 It is prohibited to obstruct or render in operative fire fighting equipment such as fire hydrants, extinguishers, hose racks, water sprinklers, etc.
- 15.14 It is prohibited to use fire hose from hydrant booths for purposes other than combating fire without proper authorization from the Safety Officer or the Environmental Management and Safety Department.
- 15.15 Oily waste rags, etc. are likely to ignite, spontaneously and they should be disposed of in metal cans with self-closing covers. They should be emptied daily.
- 15.16 All rubbish shall be cleared from buildings daily and work areas will be maintained free from accumulation of combustible debris.
- 15.17 Temporary high voltage wires shall not be run above storage piles or combustible materials.
- 15.18 Do not overload electric circuit by connecting several appliances at the same time.
- 15.19 Do not tamper with fuses, as increasing their rated capacity produces dangerous overheating of the fire system.
- 15.20 Flashlights and electric lanterns used in connection with handling of flammable materials shall be the type approved by the Underwriter's Laboratories, Inc.

- 15.21 Purging-Gas Freeing: No person shall be permitted to enter a storage tank, tank truck or other vessel has been properly purged and ventilated. After purging and venting, a test shall be made for gas. If the vessel is not gas free, purging and venting shall be repeated.
- 15.22 All persons entering storage tanks, tank trucks or other vessels, which have contained flammable liquids or gases shall be provided with necessary protective clothing, approved air fed masks, safety belts and lifelines. An attendant shall be stationed at the entrance to such tank or vessel.
- 15.23 No welding, cutting, riveting or other hot work and no mechanical repairs shall be performed on a storage tank, gasoline truck or other vessel which has contained flammables until such vessels has been properly purged and ventilated. After purging and venting a test for gas.
- 15.24 Welding, riveting or other hot work on tanks or containers that have contained flammable liquids of gases shall be performed only by men experienced in such work.
- 15.25 All tools used in explosive atmospheres shall be of non-sparking variety.

Flammable and Combustible Liquids

- 15.26 All storage, handling or use of flammables shall be under the supervision of qualified persons. No one shall be permitted to handle or use flammables until he has been instructed in the safe handling and use of it.

- 15.27 Do not handle or store flammable liquids in bottles, open cans, etc. Approved safety containers with appropriate markings with hermetic sealing device must be used for this purpose.
- 15.28 Smoking and carrying of spark-producing devices should not be permitted in an area where flammable liquids are stored, handled or used or where loading or unloading operations are performed.
- 15.29 If any flammable liquid is spilled it should be cleaned up immediately.
- 15.30 If flammable liquids are extensively used in considerable quantities heating arrangements should avoid the use of open gas burners.
- 15.31 Where necessary trays should be provided to retain accidentally spilled flammable liquid and to prevent it from flowing from a place of safety to a place it could become ignited.
- 15.32 Workers should be protected from the mist or spray as well as from contact with combustible liquids.
- 15.33 Control valves on equipment containing flammable liquids should be identified by color or tag or both.
- 15.34 Gasoline should be prohibited for all cleaning purposes.
- 15.35 Continuously operating equipment should be fueled from properly protected tanks located outside the machine room.
- 15.36 Prevent mixture of flammable liquids through proper identification.
- 15.37 Storage tanks and systems should be electrically bonded and grounded in an approved manner.
- 15.38 All storage tanks shall be equipped with proper relief vents.
- 15.39 All storage tanks above ground shall be diked, curbed or other suitable means provided to prevent the spread of liquids to other property in case of rupture in tank or piping. Such diked or curbed area shall have a capacity equal in volume to that of the tank.
- 15.40 Outlets from storage tanks above ground shall be equipped with quick-closing valves.
- 15.41 All gasoline trucks shall be properly bonded and grounded while being loaded or unloaded. Bonding and grounding connections shall be made before dome covers are removed on trucks and shall not be disconnected until such covers have been replaced. Internal vapor pressure shall be relieved before dome covers are opened.
- 15.42 Accumulation of flammable materials on floors, walls, etc. shall not be permitted.
- 15.43 Bungs, caps or stoppers shall not be left out of drums, barrels or other flammable liquid containers. This rule also applies to empty containers.

- 15.44 All tanks, hoses and containers shall be kept in metallic contact (Bonded) while flammable liquids are being poured.
- 15.45 Approved type fire extinguishers shall be provided at all locations where flammable are stored, processed or used.

Portable and Manual Fire Control Equipment

- 15.46 Portable fire extinguishers shall be conspicuously located and mounted where they will be readily accessible. Extinguishers shall not be obstructed or obscured from view at any time.
- 15.47 The extinguishers must be located close to the likely hazards, but not so close that it would be damaged or cut-off by the fire.
- 15.48 Portable fire extinguishers suitable to the conditions and hazards involve shall be provided and maintained in an effective operating condition.
- 15.49 Portable fire extinguishers shall be given maintenance service at least once a month with a durable tag securely attached to show the maintenance or recharged date.
- 15.50 Fire alarm system and other fire fighting equipment should be regularly checked.
- 15.51 All workers and employees should endeavor to learn how to operate and use a fire extinguisher effectively and should also know their location.

are of Fire Hose

- 5.52 Hose lines should be made available for immediate use, should not be obstructed nor made inaccessible.
- 5.53 Hose should be so arranged that it would not kink or tangle when pulled out.
- 5.54 Fire hoses should be reserved for fighting fires.
- 5.55 Hose lines should be inspected and tested regularly including its accessories like valves, nozzles and couplings. Any defect noticed thereon should be corrected immediately.

**CHAPTER 16 – VEHICLE and
LAND TRAFFIC SAFETY**

- 16.1 No employee shall operate a company motor vehicle unless he is duly authorized.
- 16.2 Driving personnel shall familiarize them with and obey motor vehicle laws as well as standard road signs.
- 16.3 Unauthorized passengers shall not be permitted to ride on company vehicles.
- 16.4 It shall be the duty and responsibility of driving personnel to conduct inspection to the vehicle assigned to him, and to make the necessary job request for the repair of defects noted.
- 16.5 Drivers shall observe authorized passenger seating capacity as indicated on the vehicle registration certificate.
- 16.6 Driver shall not permit anyone to ride on the running boards, fenders and tailboards of vehicles.
- 16.7 No passenger shall get on or off a company vehicle while it is in motion.
- 16.8 Passenger shall board and alight from the vehicle in the curbside.
- 16.9 Fire trucks, police and ambulances shall be given the right of way all the time.

- 16.10 Drivers shall not leave the seat of the vehicle while the motor is running unless he shifts to neutral and sets the hand-break.

Safe Driving

In addition to the provisions, rules and regulations of the Bureau of Land Transportation and the Traffic Code, every employee who is authorized to drive company vehicles are required to observe the following safe driving practices:

- 16.11 Driving personnel shall practice the defensive driving techniques at all times.
- 16.12 Reckless driving shall not be tolerated. Cars and trucks must observe the speed limits.
- 16.13 All railroads must be approached with caution. Always expect trains to move at any time, on any tract in either direction. At railroad crossing, look in both directions as you approach to be sure that it is safe to make the crossing. Unless you have a clear view in each direction, reduce your speed so that you can easily stop before reaching the crossing if necessary.
- 16.14 When visibility is poor, the front and rear lights of all vehicles in motion shall be turned on.
- 16.15 Drivers often fail to see pedestrians crossing from the right immediately ahead of the truck, hence, the requirement to blow the horn twice before starting forward.

- 16.16 Where a number of men are working in various type of equipment are used, the driver should call upon another employee to signal whether or not the path is clear before backing or making any other movement.
- 16.17 Do not run any electrical cable or run into any low hanging wire.
- 16.18 Driver's attention should not wander, either through constant conversation or sightseeing. Driver must use cautions and common sense under all conditions.
- 16.19 Do not pass other vehicles going in the same direction in the brow of a hill, on a curve or in the face of an approaching car.
- 16.20 Be on alert for signal from other driver, police, traffic signs, etc.
- 16.21 Vehicular road crossings and pedestrian passageways must not be unnecessarily blocked by vehicle. Cars must not be switched over such crossings unless with utmost safety. Cars must not be left standing on vehicular crossings or bridges.

Parking Area and Garage

- 16.22 Comply strictly with parking rules. When parking downhill, be sure to turn front wheels to the right toward curb or side of the road, and leave vehicle in reserve gear. When parking uphill, be sure to turn front wheels to the left, rear part of front tire toward curb, and leave vehicle in low gear. If without curb, turn front wheels toward right or side of road, and leave vehicle in low gear when headed uphill.

- 16.23 Make sure parking does not encroach on fire hydrant zones, clearance spaces for island, pedestrian lanes and intersections.
- 16.24 Vehicles left standing on any grade or inclined track must be properly secured or blocked.
- 16.25 Motor vehicles should not be parked against the flow of traffic.
- 16.26 Stop before entering or leaving garage, then drive slowly with caution.
- 16.27 A break test shall be made before leaving garage or within the first block after leaving garage. If brakes are not functioning properly, return vehicle to the garage for the immediate attention. Any other condition found to be faulty should be handled in the same manner.
- 16.28 Thoroughly familiarize yourself with the controls of a vehicle before attempting to operate it.
- 16.29 Avoid running motor idle in closed garage unless a pipe or hose connection is provided from the exhaust to the open air to a suitable exhaust system to carry off carbon monoxide gas.
- 16.30 Upon returning a vehicle to the garage, any condition requiring attention shall be reported.
- 16.31 Smoking and the use of unnecessary open flames in garage or while working on vehicles are prohibited. Use only properly guarded extension lights or flashlights.

Loading and Unloading of Trucks

- 16.32 Overloading should not be allowed. Load should be properly distributed, secured in place and not piled over the allowable height to maintain stability.
- 16.33 Loads, which may shift, should be blocked or lashed. The downs (ropes, chains) should be tightened on the right side or top of the load.
- 16.34 Before loading or unloading a truck, the brakes must be securely set or the wheels blocked.
- 16.35 Any load projection beyond bodyline should be properly secured before transport and should be provided with red flags.

Reporting Traffic Accidents Involving Company Vehicles

- 16.36 A driver who is involved in an accident shall immediately report to his supervisor what has actually happened, the extent and causes of the accident. Adhere strictly to the requirements of the accident form, which every vehicle must carry at all time.
- 16.37 Even in cases involving bare contact between vehicle, it is important that a policemen's shield number and as many witness as possible be secured as damage claims are often made on the basis of shock to passengers. Cases not involving any apparent personal injury or property damage must be reported just as accurately as a serious accident.



A N N E X “F”

RCI Revised Manual on Corporate Governance



REVISED MANUAL ON CORPORATE GOVERNANCE

ARTICLE 1: INTRODUCTION

The Board of Directors, Management, Officers and Staff of **ROXAS AND COMPANY, INC.** hereby commit themselves to the principles and best practices contained in this Manual and acknowledge that these principles and practices will guide them in the attainment of the corporation's goals. The corporation continues to adhere to its Mission and Vision Statements as well as its Core Values which all form an integral part of this Manual.

ARTICLE II: VISION AND MISSION STATEMENT AND CORE VALUES

VISION STATEMENT

Roxas and Company, Inc. aims to be a premier publicly-listed holding firm with investments in the country's leading sugarcane-based solutions provider and property development businesses.

We strive to be a leader in all our business undertakings, empowering lives and delivering value to our stakeholders.

MISSION STATEMENT

We commit to the following mission:

- To maintain businesses that deliver superior results to customers and other stakeholders
- To deliver long-term growth in shareholder value
- To be a responsible corporate citizen by participating in nation- and community-building
- To ensure that our businesses promote environmental protection and sustainable development practices
- To provide a nurturing environment to develop and empower our people

CORE VALUES

- R – Resiliency and Reliability**
- O – Observance of Good Corporate Governance Practices**
- X – eXcellence and Innovation**
- A – Accountability and Integrity**
- S – Social Responsibility and Nation-Building**

ARTICLE 3: BOARD GOVERNANCE

The Board of Directors (the “Board”) is primarily responsible for the governance of the corporation. Corollary to setting the policies for the accomplishment of the corporate objectives, it shall provide an independent check on Management.

3.1. Composition of the Board

3.1.1. The Board shall be composed of nine (9) members who are elected by the stockholders entitled to vote at the annual meeting and shall hold office for one year and until their successors are elected and qualified in accordance with the By-Laws of the corporation. The corporation shall have at least two (2) independent directors.

3.1.2. The membership of the Board may be a combination of executive and non-executive directors, which include independent directors, in order that no director or small group of directors can dominate the decision-making process. The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

3.2. Qualifications of Directors

3.2.1. In addition to the qualifications for membership in the Board provided for in the Corporation Code and other relevant laws, the members of the Board should possess the following qualifications:

3.2.1.1. Holder of at least one thousand (1,000) shares of stock of the corporation;

3.2.1.2. At least a college graduate or have sufficient experience in managing the business to substitute for such formal education;

3.2.1.3. At least twenty one (21) years old;

3.2.1.4. Possesses integrity and probity; and

3.2.1.5. Assiduous.

3.2.2. The Board may likewise provide for the following additional qualifications for membership in the Board:

- 3.2.2.1. Practical understanding of the business of the corporation;
- 3.2.2.2. Membership in good standing in relevant industry, business or professional organizations; and
- 3.2.2.3. Previous business experience.

3.3. **Disqualification of Directors**

3.3.1. *Permanent Disqualification.* The following shall be grounds for the permanent disqualification of a director:

- 3.3.1.1. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as identified in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- 3.3.1.2. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission ("Commission") or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or *Bangko Sentral ng Pilipinas* ("BSP"), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership,

participation or association with a member or participant of the organization;

- 3.3.1.3. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- 3.3.1.4. Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, included or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission of BSP, or any of its rule, regulation or order;
- 3.3.1.5. Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation;
- 3.3.1.6. Any person judicially declared as insolvent;
- 3.3.1.7. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above;
- 3.3.1.8. Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to date of his election or appointment.

3.3.2. *Temporary Disqualification.* The Board may provide for the temporary disqualification of a director for any of the following reasons:

- 3.3.2.1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists;
- 3.3.2.2. Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election;
- 3.3.2.3. Dismissal or termination for cause as director of any corporation covered by this Code. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination;

- 3.3.2.4. If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with;
- 3.3.2.5. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

3.4. Responsibilities, Duties and Functions of the Board

- 3.4.1. *General Responsibility.* It is the Board's responsibility to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders. The Board shall formulate the corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance.
- 3.4.2. *Duties and Functions.* To ensure a high standard of best practice for the corporation and its stockholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and functions:
 - 3.4.2.1. Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies. Appoint competent professional, honest and highly-motivated management officers. Adopt an effective succession planning program for Management.
 - 3.4.2.2. Provide sound strategic policies and guidelines to the corporation on major capital expenditures. Establish programs that can sustain its long-term viability and strength. Periodically evaluate and monitor the implementation of such policies and strategies, including the business plans, operating budgets and Management's overall performance.
 - 3.4.2.3. Ensure the corporation's faithful compliance with all applicable laws, regulations and best business practices.
 - 3.4.2.4. Establish and maintain an investor relations program that will keep the stockholders informed of important developments in the corporation. If feasible, the corporation's CEO or Chief Financial Officer ("CFO") or his equivalent shall exercise oversight responsibility over this program.

- 3.4.2.5. Identify the sectors in the community in which the corporation operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them.
 - 3.4.2.6. Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system shall be conducted to ensure the integrity of the decision-making and reporting processes at all times. There shall be a continuing review of the corporation's internal control system in order to maintain its adequacy and effectiveness.
 - 3.4.2.7. Identify key risk areas and performance indicators and monitor these factors with due diligence to enable the corporation to anticipate and prepare for possible threats to its operational and financial viability.
 - 3.4.2.8. Formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.
 - 3.4.2.9. Constitute an Audit Committee and such other committees it deems necessary to assist the Board in the performance of its duties and responsibilities.
 - 3.4.2.10. Establish and maintain an alternative dispute resolution system in the corporation that can amicably settle conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including the regulatory authorities.
 - 3.4.2.11. Meet at such times or frequency as may be needed. The minutes of such meetings shall be duly recorded. Independent views during Board meetings shall be encouraged and given due consideration.
 - 3.4.2.12. Keep the activities and decisions of the Board within its authority under the articles of incorporation and by-laws, and in accordance with existing laws, rules and regulations.
 - 3.4.2.13. Appoint a Compliance Officer who shall have the rank of at least vice president. In the absence of such appointment, the Corporate Secretary, preferably a lawyer, shall act as Compliance Officer.
- 3.4.3. *Internal Control Responsibilities.* The Board shall continue and enhance its internal control environment by observing the following measures:

- 3.4.3.1. Adoption and improvement of minimum internal control mechanisms for the performance of the Board's oversight responsibility including, but not limited to, the following:
- i. Definition of the duties and responsibilities of the CEO who is ultimately accountable for the corporation's organizational and operational controls;
 - ii. Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
 - iii. Evaluation of proposed senior management appointments;
 - iv. Selection and appointment of qualified and competent management officers; and
 - v. Review of the corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.
- 3.4.3.2. Formulation, implementation and enhancement of systems of effective organizational and operational controls depending on the following factors: nature and complexity of the business and the business culture; volume, size and complexity of transactions; degree of risks involved; degree of centralization and delegation of authority; extent and effectiveness of information technology; and extent of regulatory compliance.
- 3.4.3.3. Establishment of an internal audit system that can reasonably assure the Board, Management and stockholders that the Corporation's key organizational and operational controls are faithfully complied with. The Board shall appoint an Internal Auditor to perform the audit function, and may require him to report to a level in the organization that allows the internal audit activity to fulfill its mandate. The Internal Auditor shall be guided by the International Standards on Professional Practice of Internal Auditing.

3.5. Specific Duties and Responsibilities of a Director

- 3.5.1. A director's office is one of trust and confidence. A director shall act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He shall also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.
- 3.5.2. A director shall observe the following norms of conduct:
- 3.5.2.1. *Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation.*

The basic principle to be observed is that a director shall not use his position to profit or gain some benefit or advantage for himself and/or

his related interests. He shall avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he shall fully and immediately disclose it and shall not participate in the decision-making process. A director who has a continuing material conflict of interest shall seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation.

- 3.5.2.2. *Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.*

A director shall devote sufficient time to familiarize himself with the corporation's business. He shall be constantly aware of and knowledgeable with the corporation's operations to enable him to meaningfully contribute to the Board's work. He shall attend and actively participate in Board and committee meetings, review meeting materials and, if called for, ask questions or seek explanation.

- 3.5.2.3. *Act judiciously.*

Before deciding on any matter brought before the Board, a director shall carefully evaluate the issues and, if necessary, make inquiries and request clarification.

- 3.5.2.4. *Exercise independent judgment.*

A director shall view each problem or situation objectively. If a disagreement with other directors arises, he shall carefully evaluate and explain his position. He shall not be afraid to take an unpopular position. Corollarily, he shall support plans and ideas that he thinks are beneficial to the corporation.

- 3.5.2.5. *Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.*

A director shall also keep abreast with industry developments and business trends in order to promote the corporation's competitiveness.

- 3.5.2.6. *Observe confidentiality.*

A director shall keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He shall not reveal confidential information to unauthorized persons without the authority of the Board.

3.6. Board Meetings and Quorum Requirement

3.6.1. The members of the Board shall attend its regular and special meetings in person or through teleconferencing conducted in accordance with the rules and regulations of the Commission.

3.6.2. Independent directors shall always attend Board meetings. Unless otherwise provided in the by-laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings.

3.7. Board Committees

The Board shall maintain the following committees to assist it in good corporate governance:

3.7.1. Audit Committee.

The Audit Committee shall consist of at least three (3) directors, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee shall be an independent director. The committee shall have the following functions:

3.7.1.1. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;

3.7.1.2. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities;

3.7.1.3. Perform oversight functions over the corporation's internal and external auditors. It shall ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

3.7.1.4. Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it;

- 3.7.1.5. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- 3.7.1.6. Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;
- 3.7.1.7. Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security;
- 3.7.1.8. Review the reports submitted by the internal and external auditors;
- 3.7.1.9. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - i. Any change/s in accounting policies and practices
 - ii. Major judgmental areas
 - iii. Significant adjustments resulting from the audit
 - iv. Going concern assumptions
 - v. Compliance with accounting standards
 - vi. Compliance with tax, legal and regulatory requirements.
- 3.7.1.10. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- 3.7.1.11. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the corporation's annual report.
- 3.7.1.12. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.
- 3.7.1.13. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

3.7.2. Nomination Committee.

The Nomination Committee shall be composed of at least three (3) voting Directors, one of whom must be an independent director. The committee shall have the following functions:

- 3.7.2.1. It shall review and evaluate the qualifications of, and shortlist, all persons nominated to the Board and other appointments that require Board approval.
- 3.7.2.2. It shall assess the effectiveness of the Board's processes and procedures in the election or replacement of directors.
- 3.7.2.3. It shall consider the following guidelines in the determination of the capability of a director to serve as such:
 - i. The nature of the business of the corporation of which he is a director;
 - ii. Age of the director;
 - iii. Number of directorships/active memberships and officers in other corporations or organizations; and
 - iv. Possible conflict of interest.

Any optimum number of directorships shall be related to the capacity of a director to perform his duties diligently in general.
- 3.7.2.4. The CEO and other executive directors shall submit themselves to a low indicative limit on membership in other corporate boards. The same low limit shall apply to independent, non-executive directors who serve as full-time executives in other corporations. In any case, the capacity of directors to serve diligently shall not be compromised.
- 3.7.2.5. The findings and recommendations of the Nomination Committee shall be submitted to the Board for approval; Provided that a director whose qualifications are in issue shall not have the right to vote when the Board considers his case.

3.7.3. Executive Compensation Committee.

The Executive Compensation Committee shall be composed of at least three (3) voting Directors, one of whom must be an independent director. The committee shall have the following functions:

- 3.7.3.1. It shall establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors and provide oversight over remuneration of senior management and other key personnel to ensure that their compensation is consistent with the Corporation's culture, strategy and control environment;

- 3.7.3.2. Designate the amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully, subject to approval of the Board of Directors;
- 3.7.3.3. Develop a form on Full Business Interest Disclosure as part of pre-employment requirements for all incoming officers, which, among others, shall compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of the duties once hired;
- 3.7.3.4. Disallow any director to decide his or her own remuneration;
- 3.7.3.5. Provide in the Corporation's annual reports prescribed by the Commission, information and proxy statements a clear, concise and understandable disclosure of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four (4) management officers during the preceding fiscal year;
- 3.7.3.6. Review of existing Human Resources Development or Personnel Handbook to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be met periodically in their respective posts.

3.8. The Chairman of the Board

- 3.8.1. The duties and responsibilities of the Chairman in relation to the Board include, among others, the following:
 - 3.8.1.1. Ensure that the meetings of the Board are held in accordance with the by-laws or as he may deem necessary;
 - 3.8.1.2. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the Chief Executive Officer ("CEO"), Management and the directors; and
 - 3.8.1.3. Maintain qualitative and timely lines of communication and information between the Board and Management.
- 3.8.2. The roles of the Chairman and CEO shall, as much as practicable, be separate to foster an appropriate balance or power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions shall be made between the Chairman and CEO upon their election. If the positions of the Chairman and CEO are unified, the proper checks and

balances shall be laid down to ensure that the Board gets the benefit of independent views and perspectives.

3.9. The Corporate Secretary

The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the corporation. He shall have the following responsibilities:

- 3.9.1. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the corporation;
- 3.9.2. Be loyal to the mission, vision and objectives of the corporation;
- 3.9.3. Work fairly and objectively with the Board, Management and stockholders;
- 3.9.4. Have appropriate administrative and interpersonal skills;
- 3.9.5. If he is not at the same time the corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
- 3.9.6. Have a working knowledge of the operations of the corporation;
- 3.9.7. Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- 3.9.8. Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
- 3.9.9. Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
- 3.9.10. If he is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Manual.
- 3.9.11. Submit to the Commission, on or before January 30 of the following year, a sworn certification about the directors' record of attendance in Board meetings. The certification may be submitted through SEC Form 17-C or in a separate filing.

3.10. The Compliance Officer

The Board shall appoint a Compliance Officer who shall report directly to the Chairman of the Board. He shall perform the following duties:

- 3.10.1. Monitor compliance by the corporation with this Manual and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;
- 3.10.2. Appear before the Commission when summoned in relation to compliance with this Code; and
- 3.10.3. Issue a certification every January 30th of the year on the extent of the corporation's compliance with this Code for the completed year and, if there are any deviations, explain the reason for such deviation.

ARTICLE 4: ADEQUATE AND TIMELY INFORMATION

To enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide them with complete, adequate and timely information about the matters to be taken in their meetings.

Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a member of the Board to enable him to properly perform his duties and responsibilities. Hence, the members shall be given independent access to Management and the Corporate Secretary.

The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

The members either individually or as a Board, and in furtherance of their duties and responsibilities, shall have access to independent professional advice at the corporation's expense.

ARTICLE 5: ACCOUNTABILITY AND AUDIT

- 5.1. The Board is primarily accountable to the stockholders. It shall provide them with a balanced and comprehensible assessment of the corporation's performance, position and prospects on a quarterly basis including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law. Thus, it is essential that Management provide all members of the Board with accurate and timely information that would enable the Board to comply with its responsibilities to the stockholders.
- 5.2. Management shall, under the supervision of the Audit Committee, formulate the rules and procedures on financial reporting and internal control in accordance with the following guidelines:

- 5.2.1. The extent of its responsibility in the preparation of the financial statements of the corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, shall be clearly explained;
 - 5.2.2. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the corporation shall be maintained;
 - 5.2.3. On the basis of the approved audit plans, internal audit examinations shall cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets and compliance with contracts, laws, rules and regulations;
 - 5.2.4. The corporation shall consistently comply with the financial reporting requirements of the Commission.
- 5.3. External Auditor.**
- 5.3.1. The Board, after consultations with the Audit Committee, shall recommend to the stockholders an external auditor duly accredited by the Commission who shall undertake an independent audit of the corporation and shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.
 - 5.3.2. The external auditor shall not, at the same time, provide internal audit services to the corporation.
 - 5.3.3. Non-audit work may be given to the external auditor, provided it does not conflict with his duties as an independent auditor, or does not pose a threat to his independence.
 - 5.3.4. The external auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the corporation, shall be changed with the same frequency.
 - 5.3.5. If the external auditor resigns, is dismissed or ceases to perform his services, the reason/s for and the date of effectivity of such action shall be reported in the corporation's annual and current reports. The report shall include a discussion of any disagreement between him and the corporation on accounting principles or practices, financial disclosures of audit procedures which the former auditor and the corporation failed to resolve satisfactorily. A preliminary copy of the said report shall be given by the corporation to the external auditor before its submission.
 - 5.3.6. If the external auditor believes that any statement made in an annual report, information statement or any report filed with the Commission or any regulatory

body during the period of his engagement is incorrect or incomplete, he shall give his comments or views on the matter in the said reports.

5.4. Internal Auditor.

5.4.1. The corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors through which its Board, Management and Stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate and complied with.

5.4.2. The Internal Auditor shall submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report shall include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor shall certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

ARTICLE 6: TRAINING PROCESS

6.1. If necessary, funds shall be allocated by the Board upon recommendation of the CFO or his equivalent officer for the purpose of conducting an orientation program or workshop to operationalize this Manual.

6.2. A director shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute.

ARTICLE 7: STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS

7.1. The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely:

7.1.1. Voting Right.

7.1.1.1. Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code.

7.1.1.2. Cumulative voting shall be used in the election of directors.

7.1.1.3. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.

7.1.2. *Pre-emptive Right.*

All stockholders shall have pre-emptive rights in accordance with law, unless the same is denied in the Articles of Incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the corporation. The Articles of Incorporation shall lay down the specific rights and powers of stockholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

7.1.3. *Power of Inspection.*

All stockholders shall be allowed to inspect corporate books and records including minutes of the Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

7.1.4. *Right to Information.*

7.1.4.1. The stockholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the corporation's shares, dealings with the corporation, relationships among directors and key officers and the aggregate compensation of directors and officers.

7.1.4.2. The minority stockholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.

7.1.4.3. The minority stockholders shall have access to any and all information relating to matters for which the management is accountable for. If not included, then the minority stockholders shall be allowed to propose such matters in the agenda of a stockholders' meeting, being within the definition of "legitimate purposes" and in accordance with law, jurisprudence and best practice.

7.1.5. *Right to Dividends.*

7.1.5.1. Stockholders shall have the right to receive dividends subject to the discretion of the Board.

7.1.5.2. The corporation shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the corporation is prohibited under any loan agreement with any financial

institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is a need for special reserve for probable contingencies.

7.1.6. Appraisal Right.

The stockholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

7.1.6.1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

7.1.6.2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets provided in the Corporation Code; and

7.1.6.3. In case of merger or consolidation.

7.2. The Board shall continue to be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders shall be encouraged to personally attend such meetings. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the by-laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the stockholder's favor.

7.3. It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

7.4. The Board shall take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information shall be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

7.5. Although all stockholders shall be treated equally or without discrimination, the Board shall give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

ARTICLE 8: DISCLOSURE AND TRANSPARENCY

- 8.1. All material information about the corporation which could adversely affect its viability or the interests of the stockholders shall be publicly and timely disclosed. Such information shall include among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions and direct and indirect remuneration of members of the Board and Management. All such information shall be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.
- 8.2. The reports or disclosures required under this Manual shall be prepared and submitted to the Commission by the responsible Committee or Officer through the Corporation's Compliance Officer;
- 8.3. All disclosed information shall be released via the approved stock exchange procedure for company announcements as well as through the annual report.
- 8.4. The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders.
- 8.5. This manual shall be available for inspection by any stockholder of the Corporation at reasonable times on business days.
- 8.6. The Compliance Officer shall provide copies of the Manual to all directors, division and department heads to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process.
- 8.7. An adequate number of printed copies of this Manual must be reproduced under the supervision of the Compliance Officer, with a minimum of at least one (1) hard copy of the Manual per department.

ARTICLE 9: MONITORING AND ASSESSMENT

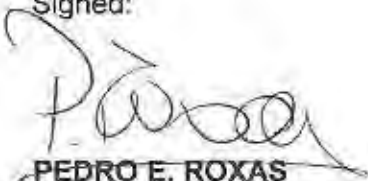
- 9.1. Each committee shall report regularly to the Board of Directors.
- 9.2. The Compliance Officer shall establish an evaluation system to determine and measure compliance with this Manual. Any violation thereof shall subject the responsible officer or employee to the penalty provided under Article 10 of this Manual.
- 9.3. The establishment of such evaluation system, including the features thereof, shall be disclosed in the Corporation's annual report (SEC Form 17-A) or in such form of report that is applicable to the Corporation. The adoption of such performance evaluation system must be covered by a Board approval.
- 9.4. This Manual shall be subject to periodic review by the Board.

- 9.5. All business processes and practices being performed within any department or business unit of the Corporation that are not consistent with any portion of this Manual shall be revoked unless upgraded to the compliant extent.

ARTICLE 10: PENALTIES FOR NON-COMPLIANCE WITH THE MANUAL.

- 10.1. To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the corporation's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:
- 10.1.1. In case of **first violation**, the subject person shall be reprimanded.
 - 10.1.2. Suspension from office shall be imposed in case of a **second violation**. The duration of the suspension shall depend on the gravity of the violation.
 - 10.1.3. For a **third violation**, the maximum penalty of removal from office shall be imposed.
- 10.2. The commission of a third violation of this Manual by any member of the Board of the Corporation or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship, subject to the provisions of the Corporation Code.
- 10.3. The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation for further review and approval by the Board.

Signed:



PEDRO E. ROXAS
Executive Chairman
Roxas and Company, Inc.



A N N E X “G”

Roxaco Employee Handbook



EMPLOYEE HANDBOOK
Revised 2010

PURPOSE OF MANUAL

(Revised May 2010)

The information contained in this Employees' Handbook is presented for the benefit of all employees of Roxaco Land Corporation (Roxaco). The intention is to furnish as much information as possible concerning what benefits and compensation, the employees can expect from Roxaco, and what Roxaco expects from its employees. It is the employees' responsibility to familiarize themselves with all the benefits and compensation contained in the Handbook. New and additional benefits and compensation schemes may be amended, altered and/or repealed as the case may be.

COMPANY PROFILE

Roxaco Land Corporation, a wholly owned subsidiary of Roxas and Company, Inc. was incorporated on April 26, 1988 by the officers of Roxas and Company, Inc. led by its Chairman of the Board Antonio J. Roxas, Vice Chairman Eduardo J. Roxas and Executive Vice President and Treasurer Mr. Pedro E. Roxas, for the purpose of acquiring real estate for investment, development and/or sale.

The directors of the Corporation (as of 2010) are as follows:

Antonio J. Roxas
Pedro E. Roxas
Beatriz O. Roxas
Francisco Jose R. Elizalde
Francisco F. Del Rosario

The officers of the Corporation are as follows:

Pedro E. Roxas - Chairman
Francisco F. del Rosario - President
Santiago R. Elizalde - Senior Vice President

The Corporation is being managed by Roxas and Company, Inc. pursuant to a Management Agreement executed in January, 1995.

A. ***STATUTORY/GOVERNMENT MANDATED BENEFITS***

1. ***Maternity Leave Benefit***

Every pregnant employee, whether married or unmarried, is entitled to maternity leave benefit of **sixty (60) days** in case of normal delivery or miscarriage, or **seventy-eight (78) days**, in case of Caesarian section delivery, with benefits equivalent to **one hundred percent (100%) of the average daily salary credit** of the employee as defined under the law. To be entitled to the maternity leave benefit, a female employee should be an SSS member employed at the time of her delivery or miscarriage; she must have given the required notification to the SSS through her employer; and her employer must have paid at least three monthly contributions to the SSS within the twelve-month period immediately before the date of the contingency (i.e., childbirth or miscarriage). The maternity leave benefit, like other benefits granted by the Social Security System (SSS), is granted to employees in lieu of wages. Thus, this may not be included in computing the employee's thirteenth-month pay for the calendar year.

The maternity leave shall be extended without pay on account of illness medically certified to arise out of the pregnancy, delivery, abortion or miscarriage, which renders the woman unfit for work, unless she has earned unused leave credits from which such extended leave may be charged.

The maternity leave shall be paid by the employer only for the first four (4) deliveries.

2. ***Paternity Leave Benefit***

Paternity Leave is granted to all married male employees, regardless of their employment status. The purpose of this benefit is to allow the husband to lend support to his wife during her period of recovery and/or in nursing her newborn child.

Paternity leave benefit shall apply to the first four (4) deliveries of the employee's lawful wife with whom he is cohabiting. If the spouses are not physically living together because of the work station or occupation, the male employee is still entitled to the paternity leave benefit. The paternity leave shall be for seven (7) calendar days, with full pay.

3. ***Parental Leave for Solo Parents***

"Parental leave" means leave benefits granted to a solo parent to enable him/her to perform parental duties and responsibilities where physical presence is required.

"Solo parent" means any individual who falls under any of the following categories:

(1) A woman who gives birth as a result of rape and other crimes against chastity even without a final conviction of the offender: *Provided*, That the mother keeps and raises the child;

(2) Parent left solo or alone with the responsibility of parenthood due to death of spouse;

(3) Parent left solo or alone with the responsibility of parenthood while the spouse is detained or is serving sentence for a criminal conviction for at least one (1) year;

(4) Parent left solo or alone with the responsibility of parenthood due to physical and/or mental incapacity of spouse as certified by a public medical practitioner;

(5) Parent left solo or alone with the responsibility of parenthood due to legal separation or *de facto* separation from spouse for at least one (1) year, as long as he/she is entrusted with the custody of the children;

(6) Parent left solo or alone with the responsibility of parenthood due to declaration of nullity or annulment of marriage as decreed by a court or by a church as long as he/she is entrusted with the custody of the children;

(7) Parent left solo or alone with the responsibility of parenthood due to abandonment of spouse for at least one (1) year;

(8) Unmarried mother/father who has preferred to keep and rear her/his child/children instead of having others care for them or give them up to a welfare institution;

(9) Any other person who solely provides parental care and support to a child or children;

(10) Any family member who assumes the responsibility of head of family as a result of the death, abandonment, disappearance or prolonged absence of the parents or solo parent.

A change in the status or circumstance of the parent claiming benefits under R.A. 8972 (Parent Leave for Solo Parent), such that he/she is no longer left alone with the responsibility of parenthood, shall terminate his/her eligibility for these benefits

The parental leave, in addition to leave privileges under existing laws, shall be for seven (7) work days every year, with full pay. A solo parent employee shall be entitled to the parental leave, provided that:

- He/she has rendered at least one (1) year of service, whether continuous or broken;
- He/she has notified his/her employer that he/she will avail himself/herself of it, within a reasonable period of time

In the event that the parental leave is not availed of, it shall not be convertible to cash

NOTE:

Parent with a live-in partner is not entitled for Parental Leave

4. Overtime Pay

Employee who performed work in excess of a regular eight-hour schedule shall be entitled to an overtime pay equivalent to their basic hourly rate plus twenty five percent (25%).

*For overtime rendered during regular holidays, they shall be given overtime premium as follows:

- a. If it is an employee's regular workday
 - If worked - 1st 8 hours - 200%
 - Excess of 8 hours - plus 30% of hourly rate on said day
- b. If it is an employee's rest day
 - If worked - 1st 8 hours - plus 30% of 200%
 - Excess of 8 hours - plus 30% of hourly rate on said day

There are eleven (11) regular holidays in a year under Executive Order No. 203, as amended by Republic Act 9177, namely:

- New Year's Day - January 1
- Maundy Thursday - Movable Date
- Good Friday - Movable Date
- Araw ng Kagitingan - April 9
- Labor Day - May 1
- Independence Day - June 12
- National Heroes Day - Last Sunday of August
- Eidl Fitr - Movable Date
- Bonifacio Day - November 30
- Christmas Day - December 25
- Rizal Day - December 30

NOTES:

a. Absences

All employees shall be entitled to holiday pay when they are on leave of absence with pay on the work day immediately preceding the regular holiday. Employees who are on leave of absence without pay on the day immediately preceding a regular holiday may not be entitled for holiday pay if they did not work on such regular holiday.

b. Successive Regular Holidays

Where there are two (2) successive regular holidays, like Maundy Thursday and Good Friday, an employee may not be entitled for both holidays if he/she absents himself/herself from work on the day immediately preceding the first holiday, unless he/she works on the first holiday, in which case he/she is entitled to his/her holiday pay on the 2nd holiday.

*For declared **special days** such as Special Non-Working Day, Special Public Holiday, Special National Holiday, in addition to the two nationwide special days (November 1, All Saints Day and December 31, Last Day of the Year), the following rules shall apply:

a. If unworked

- No pay.

b. If worked

- 1st 8 hours - plus 30% of the daily rate of 100%
- excess of 8 hours - plus 30% of hourly rate on said day

- c. Falling on the employee's rest day and if worked
- 1st 8 hours - plus 50% of the daily rate of 100%
 - excess of 8 hours - plus 30% of hourly rate on said day

5. **Night Differential**

Night Shift Differential (NSD) refers to the additional compensation of ten percent (10%) of an employee's regular wage for each hour of work performed between 10 p.m. and 6 a.m.

6. **13TH MONTH PAY**

The thirteenth-month pay shall not be less than one-twelfth (1/12) of the total basic salary earned by an employee in a calendar year. It does not include allowances and monetary benefits which are not considered or integrated as part of the regular or basic salary, such as the cash equivalent of unused vacation and sick leave credits, overtime, premium, night shift differential and holiday pay. The 13th month pay is paid not later than December 24 of every year.

7. **PHILHEALTH Benefits**

A unified benefit package for all PhilHealth members is being implemented which includes the following categories of personal health services:

a. **Inpatient hospital care:**

- Room and board;
- Services of health care professionals;
- Diagnostic, laboratory, and other medical examination services;
- Use of surgical or medical equipment and facilities;
- Prescription drugs and biological, subject to the limitations stated in Section 37 of RA 7875; and
- Inpatient education packages.

b. **Outpatient care:**

- Services of health care professionals;
- Diagnostic, laboratory, and other medical examination services;
- Personal preventive services;
- Prescription drugs and biological, subject to the limitations described in Section 37 of RA 7875; and

8. **PAG-IBIG Fund**

Home Mutual Development Fund, a premier and globally competitive provident financial institution that aims to uplift the quality of life of members through savings.

Under the law, it is mandatory for all employees covered by the SSS to become member of Pag-ibig Fund. Members who are earning P1,500 or below contribute 1% of their monthly basic pay, while those who are earning more than P1,500 contribute 2% of

their basic pay or P100 whichever is higher. Employee may contribute higher up to maximum of P500 per month. Employer is required to match the employee's contribution up to P100 per month.

Benefits and Programs:

- Provident Savings Benefit
- HDMF Housing Bonds
- Housing Loan
- Provident Program
 - Multi-Purpose Loan
 - Calamity Loan

9. Social Security System (SSS)

The company provides its employee a security net as being prescribed by the law upon employment through SSS which is a government organization that aims to promote social justice and provides meaningful protection to its members and their families against hazard of disability, sickness, maternity, old age, death and other contingencies resulting to loss of income or financial burden.

Benefits and Programs:

a. Sickness

Sickness benefit is a daily cash allowance paid for the number of days a member is unable to work due to sickness or injury. A member is qualified to avail himself/herself of this benefit if:

- he/she is unable to work due to sickness or injury and is thus confined either in the hospital or at home for at least four days;
- he/she has paid at least three monthly contributions within the 12-month period immediately before the semester of sickness;
- he/she has used up all current company sick leaves with pay for the current year; and
- he/she has notified his/her employer

The amount of an employee's sickness benefit is computed as the daily sickness allowance times 90 per cent of the average daily salary credit

b. Maternity (see no. 1)

c. Disability

It is a cash benefit paid to a member who becomes permanently disabled, either partially or totally. A member who suffers partial or total permanent disability, with at least one (1) contribution paid to the SSS prior to the semester of contingency, is qualified.

The complete and permanent loss of use of any of the following parts of the body under permanent partial disability: one thumb, sight of one eye one, big toe, one index finger, hearing of one ear, one hand, one middle finger, hearing of both ears, one arm one ring finger, one foot, one ear, one little finger, one leg, both ears.

The following fall under permanent total disability:

- Complete loss of sight of both eyes;
- Loss of two limbs at or above the ankle or wrists;
- Permanent complete paralysis of two limbs;
- Brain injury causing insanity; and
- Other cases as determined and approved by the SSS.

Types of disability benefits:

- The monthly pension which is paid to a disabled member who has paid at least 36 monthly contributions to the SSS; and
- The lump sum amount which is granted to those who have not paid the required 36 monthly contributions.

d. Retirement

It is a cash benefit paid to a member who can no longer work due to old age.

A member is qualified to avail himself of this benefit if:

- He/she is 60 years old and unemployed and has paid at least 120 monthly contributions prior to the semester of retirement.
- He/she is 65 years old, whether employed or not. If employed he/she should have paid 120 monthly contributions prior to the semester of retirement, whether employed or not. The types of retirement benefits are:

- a. the monthly pension, and

- b. the lump sum amount. The monthly pension is a lifetime cash benefit paid to a retiree who has paid at least 120 monthly contributions to the SSS prior to the semester of retirement. The lump sum amount is granted to a retiree who has not paid the required 120 monthly contributions.

e. Death & Funeral

The death benefit is cash paid to the beneficiaries of a deceased member. The primary beneficiaries are the legitimate dependent spouse until he or she remarries and legitimate, legitimated, legally adopted or illegitimate dependent children of the member. In the absence of primary beneficiaries, the secondary beneficiaries are the dependent parents of the member. In their absence, the person designated by the member as beneficiary in his/her member's record will be the recipient.

The types of death benefits are:

- the monthly pension
- the lump sum amount.

The monthly pension is granted only to the primary beneficiaries of a deceased member who had paid 36 monthly contributions before the semester of death.

The lump sum is the amount granted to the primary beneficiaries of a deceased member who had paid less than 36 monthly contributions before the semester of death.

A funeral grant of P20,000 (effective September 1, 2000) is given to whoever pays the burial expenses of the deceased member or pensioner.

10. Employees' Compensation Program (ECP)

The Employees' Compensation Program (ECP) is a government program designed to provide a package of benefits for public and private sector employees and their dependents in the event of work-related contingencies such as sickness, injury, disability, or death.

Benefits and Programs:

- a. *Loss of income benefit*** or a cash benefit given to a worker to compensate for lost income due to his or her inability to work.
- b. *Medical benefits*** which include the reimbursement of the cost of medicine for the illness or injury, payments to providers of medical care, hospital care, surgical expenses, and the costs of appliances and supplies where necessary. The medical services are limited to ward services of an accredited hospital.
- c. *Rehabilitation services*** include physical therapy, vocational training, and special assistance provided to employees who sustain a disability as a result of sickness or injury arising out of employment. The objective is to develop the workers' mental, vocational, and social potential and to help them remain as productive members of society.
- d. *Career's allowance*** which is provided to an employee who suffers a permanent total disability

(PTD) arising out of employment the extent of which is such that he or she could not on his or her own attend to his or her basic personal needs.

- e. *Death benefits*** which are granted to beneficiaries of an employee who dies as a result of sickness or injury arising out of employment. When a worker on PTD status dies, his or her primary beneficiaries shall receive eighty percent (80%) of his or her monthly income benefit plus ten percent (10%) for every dependent child but not exceeding five (5).

11. Separation Pay

Separation pay is given to employees in instances covered by Articles 283 and 284 of the Labor Code of the Philippines. An employee's entitlement to separation pay depends on the reason or ground for the termination of his or her services. An employee may be terminated for just cause (i.e., gross and habitual neglect of duty, fraud, or commission of a crime), and other similar causes as enumerated under Article 282 of the Labor Code and, generally, may not be entitled to separation pay. On the other hand, where the termination is for authorized causes, separation pay is due.

a. One-Half Month Pay per Year of Service

An employee is entitled to receive a separation pay equivalent to one-half (1/2) month pay for every year of service, a fraction of at least six months being considered as one (1) whole year, if his/her separation from the service is due to any of the following authorized causes:

- Retrenchment to prevent losses (i.e., reduction of personnel effected by mgnt. to prevent losses);
- Closure or cessation of operation of the company not due to serious losses or financial reverses; and
- When the employee is suffering from a disease not curable within a period of six (6) months and his/her continued employment is prejudicial to his/her health or to the health of his/her co-employees.

b. One-Month Pay per Year of Service

An employee is entitled to separation pay equivalent to his/her one- month pay for every year of service, a fraction of at least six (6) months being considered as one whole year, if his/her separation from service is due to any of the following:

- Installation by employer of labor-saving devices;

- Redundancy, as when the position of the employee has been found to be excessive or unnecessary in the operation of the enterprise;
- Impossible reinstatement of the employee to his or her former position or to a substantially equivalent position for reasons not attributable to the fault of the employer, as when the reinstatement ordered by a competent authority cannot be implemented due to closure or cessation of operations of the establishment/ employer, or the position to which he or she is to be reinstated no longer exists and there is no substantially equivalent position in the establishment to which he or she can be assigned.

In the computation of separation pay, the salary base properly used in computing the separation pay should include not just the basic salary but also the regular allowances that an employee has been receiving

B. COMPANY INIATED BENEFITS

1. Vacation Leave

Upon regularization, all employees of Roxaco are entitled to paid vacation leave (VL) equivalent to 1.25 working days per month. The leave credits shall vary depending on the length of service with the company, as provided in the table below:

<u>Length of Service</u>	<u>Leave Credits</u>
0 - 5 years	15 days
Over 5 - 8 years	16
Over 8 - 10 years	17
Over 10 - 13 years	18
Over 13 - 15 years	19
Over 15 years	20

VL may be granted by his superior at anytime of the year. Applications for VLs must be submitted to the Senior Officer at least 3 days in advance. Employees are encouraged to enjoy time off to reinvigorate themselves

Unused vacation leave credits are converted in their cash equivalent at the end of the year.

2. Sick Leave

Upon regularization, all employees of Roxaco are entitled to paid sick leave (SL) equivalent to 1.25 working days per month. The leave credits shall vary depending on the length of service with the company, as provided in the table below:

<u>Length of Service</u>	<u>Leave Credits</u>
0 - 5 years	15 days
Over 5 - 8 years	16
Over 8 - 10 years	17
Over 10 - 13 years	18
Over 13 - 15 years	19
Over 15 years	20

The Company considers sick leave as any temporary absence due to illness or non-occupational injury that prevents an employee from coming to work. Application for emergency leave must be submitted upon return to work

Unused sick leave credits are converted in their cash equivalent at the end of the year.

3. Emergency Leave

Three (3) days of emergency leave with pay per year in addition to the employees' vacation leave credit shall be granted in cases of emergency such as bereavement (first degree of affinity or consanguinity), marriage of the employee, fire and similar calamities affecting the employee, and other serious emergencies as determined by the Senior Vice President.

Verbal approval by the superior is needed before going on leave. Application for emergency leave must be submitted not later than 5 days upon return to work.

4. Health Care Plan

The company provides all regular employees through a Health Maintenance Organization (HMO) provider a health card that will help them with their medical expenses. The Company pays for the total costs of the employees' coverage plus one (1) free dependent. No premiums will be paid by the employee.

Presently, the group hospitalization plan is provided by Maxicare Healthcare Corporation. Married employees or those with children can register only one dependent, who is either the spouse or a child. Single employees are not eligible to register any dependent. Features of the healthcare plan are out-patient care, preventive health care, annual check-up, in-patient care, emergency care and additional concessions depending on the job classification. Each employee will be provided with a summary of benefits.

The Group Hospitalization Levels are:

1. Platinum - Executives
2. Gold - Managers
3. Silver - Supervisors
4. Bronze - Professional/Technical and Monthly Rank and File

Dependents will enjoy the next lower hospitalization level. However, dependents of employees will also be entitled to the bronze level.

In the future, should the company decide to shift to another health care provider, principally the same coverage and range of benefits will apply.

5. Pre-employment Medical Exam

The company renders free routine pre-employment check up for all qualified applicants selected for any position. This includes chest x-ray and thorough vital signs and laboratory examination.

6. Annual Physical Medical Exam

All regular employees are scheduled to undergo medical check up annually at the expense of the company.

7. Group Insurance Plan

For added security and protection, the Company provides a reasonable Group Life Insurance plan. All regular employees are enrolled under the plan. The Company pays for the group insurance premiums.

8. Financial Assistance Plan

Purposes:

- Asset acquisition
- Medical Treatment
- Educational expenses
- Other Purposes (with CEO approval)

Loanable Amount:

- Officers below Vice President: maximum of 6 months salary but fully covered by the monetary equivalent of retirement / resignation benefits.
- Vice Presidents and up: maximum of P750,000 but fully covered by the monetary equivalent of retirement / resignation benefits.

Amortization: Semi-monthly with payments not to exceed 20% of gross monthly salary.

Interest: 1% over the company's highest short-term clean borrowing rate at the time of availment; subject to review and revision every 12 months from the time of availment.

Tenor: Minimum of 1 year
Maximum of 4 years

Others: No multiple availments
Clean up period of 30 days
Employed by the Company for at least 2 yrs
Subject to availability of funds

9. Job Opportunities/ Promotions/ Training and Development

Roxaco's policy is to promote from within whenever practicable. When an opening occurs in the Company, those employees who have expressed a desire and have proven that they have the attitude and qualifications necessary to do the job will be considered before recruitment is made from the outside. Decisions to promote will be based on qualifications, experience, previous job performance, attendance record and the interest shown by the employee through his participation in the training opportunities and seminars which are available to all or upon approval by the Senior Officer.

The company believes in continuing development of potentials of an employee. For this purpose, in house or on-the-job training shall be conducted for the benefit of the employees. They may also be sent to training programs outside the company to further enhance their skills and knowledge. Also a regular employee may recommend and justify a specific seminar or course related to his function for approval by the Senior Officer.

10. Performance Management System Rewards

Performance Management System (PMS) is a means of obtaining better results by establishing a shared understanding of what is to be achieved, of managing, developing and motivating people in a way that it will be achieved.

The PMS rewards system enables the management to recognize and reward employees' contribution in the achievement of the corporate targets.

The mechanism involve in the implementation of the rewards recognizes the causal effect in the balanced scorecard, such that an individual who performed well will result to a better team performance, that will impact on the company's performance and to the whole group in totality.

The PMS reward is an incentive which is in the form of a variable pay wherein the cash equivalent will vary depending on the following:

- Company's performance in terms of the achievement of corporate goals and targets
- Individual performance based on the PMS rating

11. Retirement Plan

To provide financial assistance to Officers and Employees on their separation from the Company, either by retirement or resignation, the Company has put up a non-contributory retirement plan.

a. Retirement Benefit

The Plan provides for a normal retirement benefit (at age 60 yrs.) which is equal to the employees' final monthly salary as of the date of retirement for every year of service, multiplied by the applicable factor as follows:

<u>Years of Service</u>	<u>Applicable Factor</u>
Less than 5	None
5	0.50 (Normal retirement plan as per Labor Code)
6	0.60
7	0.70
8	0.80
9	0.90
10 to less than 20	1.00
20 and above	1.50

b. Resignation Benefit

If an employee voluntarily resigns from the Company after at least 5 years of service, he shall be entitled to receive a portion of his earned benefit credits as follows:

<u>Years of Service</u>	<u>Applicable Factor</u>
Less than 5	None
5 to less than 10	0.20
10 to less than 15	0.40
15 to less than 20	0.60
20 to less than 25	0.80
25 and above	1.00

C. *WHAT ROXACO EXPECTS FROM YOU*

1. Attendance

The success and efficiency of day-to-day operations depend to a great extent on the employees reporting for work on time each day. If the employee is absent, or even late in reporting for work, he places an extra burden on his fellow employees.

The regular workweek of the employees is from Monday to Friday, 8:00am to 5:00pm with 2-hour lunch break from 12:00nn to 2:00pm.

Tardiness in excess of 15 minutes in any given day shall be deducted from payroll. Aggregate tardiness in excess of one hour in any given month shall be ground for disciplinary action.

If for some valid reasons the employee finds it impossible to report for work, he is expected to notify his immediate supervisor personally, or as soon as the employee can determine that he will be late or absent. The employee should explain fully the reason for his absence and when he expects to be able to resume work.

The employee should not depend on friends, relatives or fellow employee to report his absence. Absences of more than one day must be reported duly unless other arrangements have been made with the employee's Department Head. Absences due to illness for two days or more require a medical certificate from the attending physician.

2. Dress Code

All employees are required to wear clothes in accordance with the company's dress code. Employees are expected to wear clothes appropriate to their duties and responsibilities.

Male managers are expected to wear long-sleeved polo shirts with tie or long-sleeved barong, dark pants and leather shoes. Supervisors are expected to wear short-sleeved polo shirts with tie or short-sleeved barong, dark pants and leather shoes. Employees must wear short-sleeved polo without tie or short-sleeved barong, dark pants and leather shoes. During Fridays, all level can wear short-sleeved polo shirts or any other casual shirts with collar, but may not use clothes made of denim materials.

Female managers and supervisors are expected to wear the appropriate feminine attire such as dresses and skirts. Employees can wear pants provided that these are not casual. During Fridays, all levels can wear pants provided these are still considered appropriate office attire (i.e. no miniskirts, culottes, sleeveless shirts and blouses, shorts, half-shirts, midriff blouses.)

Casual attire may be worn only during field work which requires the employee to be out of the office for four (4) hours or more.

3. Company I.D.

The Company will provide the employee with a company I.D. upon regularization. The employee is expected to wear the I.D. at all times during office hours. This will make it easy for the employees to learn the names of his fellow employees & vice versa.

The replacement of lost I.Ds. shall be subject to current replacement costs. Should the employee resign, he must return the I.D. before he can receive his final pay check, clearance and certification of employment.

4. Change of Status

The employee should inform the Administrative Head if he wishes to make changes in any of the following areas:

- Name (because of marriage)
- Address and Phone Number
- Marital Status
- Dependents
- Person to notify in case of emergency
- Beneficiary for SSS Retirement benefits

5. Security

An employee is encouraged to report questionable activities or suspicious circumstances to his supervisor or the security officer promptly.

6. Telephone Calls

Telephones are primarily for business use and may not be used for personal calls unless necessary.

7. Security Passes and Package Inspection

A security pass, signed by the Company's designated representative, is required in order to bring out any article from the office. If the employee is bringing in any article of value, he is advised to declare it to the floor security officer for logging in the control logbook. The unauthorized removal of any company property from the premises is ground for serious disciplinary action, including dismissal.

8. Visitors of Employees

The employee is not allowed to receive visitors in his place of work. In cases for bonafide emergency, however, the Security Officer will inform the employee and in turn the employee shall ask the permission of his department head to leave his work area and attend to his visitor.

9. Outside Employment

While Roxaco does not intend to interfere with an employee's personal affairs or limit his outside activities, it is not in favor of employees working in other jobs even if on a part-time basis only, as this greatly affects the employee's efficiency. He is not allowed while in the employ of Roxaco to engage in any activity which is in conflict with the interest of the Company or which will interfere with the performance of his job, including consulting, whether within or outside of the working hours without the prior written consent of the Senior Officer.

GENERAL POLICIES

These Rules and Regulations shall apply to all employees within the company premises and/or designated jobsites. It shall likewise apply to employees outside of the company premises if it involves Company property, or when the employee is on official business/ activity or participating in a company-sponsored activity. Moreover, in situations where the cause of action arises from a “superior-subordinate” relationship, these rules shall apply.

These Rules and Regulations shall be implemented independent of any civil or criminal action that may be filed against the erring employee. All infractions shall be duly recorded and form part of the 201 file of the employee concerned.

Everyone is expected to study, understand, and adhere to these rules and regulations. No one can plead ignorance of the same.

OBJECTIVES

1. To acquaint the employees on the fundamental patterns of standards of behavior and performance expected of everyone;
2. To serve as a constant reminder of what employees are expected to do in order to ensure and attain high level of productivity;
3. To instill proper and correct attitude on the part of employees towards their work; and

4. To provide Department Heads and Supervisors with guidelines on the administrations of employee discipline.

ADMINISTRATION

1. The administration of discipline is a line function and all Supervisors and Managers are primarily responsible for the behavior of their respective subordinates. Therefore, it is their duty to decide and impose appropriate disciplinary action whenever necessary within the limits of their authority as follows:

1.1 Offenses punishable by a penalty of **less than one (1) month suspension** shall be decided by the Supervisor or Manager concerned in consultation with Senior Vice President.

1.2 Offenses punishable by a penalty of **more than one (1) month suspension** shall, upon the recommendation of the Supervisor or Manager, be with the assent of the Senior Vice President.

1.3 Offenses punishable by **discharge** for cause shall be with the approval of the Senior Vice President or in his absence, any other officer of higher rank.

The Human Resources Section must always be informed in writing of the disciplinary action taken for the record purposes.

2. The VPCHR may be consulted by the Supervisor or Manager concerning disciplinary cases in their unit. When a violation is noted by the HR, the Supervisor or Manager concerned shall be notified accordingly so that action may be promptly taken by them.
3. These rules and regulations are not limited to cover all company rules and regulations, but are intended to define basic policy. Hence, other rules and regulations may subsequently be issued from time to time as the circumstances warrant.

PROCEDURE

1. Upon receipt of a written complaint or report of an alleged violation, the Supervisor or Manager concerned shall investigate and review the facts of the case, giving the respondent the opportunity to be heard.
 - 1.1 The respondent must be served with a letter informing him/her of the alleged violation and directing him/her to explain in writing within two (2) working days upon receipt of the same.
 - 1.2 A duplicate of a written notice or letter must be signed by the respondent to signify that he or she received the same. This letter shall form part of his/her 201 File.

- 1.3 If the respondent refuses to receive the same, the Supervisor or Manager shall leave a copy to the respondent in the presence of two witnesses who shall attest to the fact that the respondent refuses to acknowledge receipt of the same. Such fact must be annotated in the receiving copy by the witnesses.
- 1.4 Failure of the employee to answer in writing within the said period shall be construed as a waiver of his right to submit his answer/explanation.

2. Thereafter, the Supervisor and/or the Manager concerned shall evaluate the facts of the case.
3. The Supervisor or Manager concerned shall then prepare a written report on the alleged infraction, his findings and the appropriate penalty to be imposed, if any. A copy of the said report together with the other copies of the documentary evidences and written testimonies, if applicable, shall be forwarded to the Human Resources Section for the proper disposition.

Note: The above procedures shall not in any manner be construed as a limitation on the exercise of Management prerogative to create an Investigating Committee should the circumstances warrant its creation.

TYPES OF DISCIPLINARY ACTION

1. Any employee who commits any of the offenses defined under these Rules and Regulations may be disciplined in accordance with the following table of penalties:
 - I. **Written Reprimand.** Normally given to first time offenders for violation of petty offenses.
 - II. **Suspension for three (3) days.** This places an employee under suspension for one (3) days for committing light offenses.
 - III. **Suspension for one (1) week.** This places an employee under suspension for one (1) week for committing minor offenses.
 - IV. **Suspension for more than one (1) week but less than one (1) month.** This places an employee under suspension for more than one (1) week but less than one (1) month for committing less serious offense.
 - V. **Suspension for one (1) to six (6) months.** This places an employee under suspension for one (1) to six (6) months for committing serious offenses.
 - VI. **Discharge.** This is the termination of an employee for commission of an extremely serious violation repeated infraction of the offenses defined under the rules.

2. If the Employee commits at least three (3) different infractions within a period of twelve (12) months from the first offense, the penalty next higher in degree than that prescribed shall be imposed on the fourth and subsequent offenses.
 1. Suspension carries with it loss of all fringe benefits and privileges. Such loss of benefits and privileges however shall be limited to the entire duration of the suspension period only.
 2. Discharge for cause carries with it the forfeiture of all fringe benefits and privileges.
 3. Notwithstanding the penalties enumerated above, depending on the gravity and the nature of the offense committed, the maximum penalty of discharge may be imposed.

MITIGATING AND AGGRAVATING CIRCUMTANCES

1. If on account of some mitigating circumstances attending a particular case, it appears that the penalty to be imposed will be so severe, the penalty next lower in degree may be imposed.
2. A penalty may be raised to a higher degree/level when the penalty to be imposed appears to be so light on account of the presence of aggravating circumstances.

CONDONATION OR COMMUTATION OF PENALTIES

All recommendation for a reduction on penalty/ies imposed shall be approved by the Manager or the Vice President, and noted by the Human Resources Section.

PRIVATE DISAGREEMENTS, CONTROVERSIES, CIVIL OR CRIMINAL CASES BETWEEN EMPLOYEES

Management will not intervene in any disagreements, controversies or court cases (civil or criminal) between employees that are personal or private in nature. However, in such private disagreement, controversy or court action causes any animosity between the employees thereby affecting the peace and order within the Company premises or affecting the efficiency of work or which may prejudice the Company, Management will adopt and put in effect such measures as may be necessary to remedy the situation, including suspension of the erring employees as circumstances or the nature of the case may require.

ADMINISTRATION AND AMENDMENT

1. **Management reserves its right to amend, alter, modify or change these Rules as the exigencies of the time or circumstances may warrant.**
2. Every employee shall, upon employment, be furnished with a copy of these Rules and any of its amendments and must acknowledge receipt of the same writing.

EFFECTIVITY

1. **These Rules shall supercede all other Rules and Regulations previously promulgated for ROXACO employees.**
2. These Rules shall take effect after it has been widely circulated to all employees.

DISCIPLINARY RULES AND REGULATIONS

- I - Warning
- II - Suspension for three (3) days
- III - Suspension for one (1) week
- IV - Suspension for more than one (1) week but less than one (1) month
- V - Suspension for one (1) to six (6) months
- VI - Discharge

A. OFFENSES AGAINST PERSONS	1 st	2 nd	3 rd	4 th
1. Provoking or instigating a quarrel, or fighting in Company premises causing light physical injuries which incapacitates a person to work for or shall require medical attendance for:				
a. one to three days	II	III	IV	VI
b. four to six days	III	IV	V	VI
c. seven to less than ten days	IV	V	VI	
2. Threatening, intimidating, coercing or harassing a fellow employee or anybody on the jobsite or on Company property at anytime. When the offense is committed against a superior, the penalty provided for insubordination shall be imposed.	IV	V	VI	

1. Inflicting less serious physical injuries (which incapacitates a person to work for ten days to thirty days or which shall require medical attendance for the same period).	IV	V	VI	
2. Inflicting serious physical injuries (which incapacitates a person to work for more than thirty days or which will require medical attendance for the same period)	V	VI		
3. Taking the life of a Company official, employee or any person willfully or thru gross negligence on company premises or jobsite. The offenses in item 1-5 under this rule shall apply even if committed outside of company premises or during non-company time if the cause of action is work related or one that arises from a "subordinate-superior" relationship.	VI			

6. Endangering the safety of other employees through negligence.	III	IV	V	VI
7. Causing physical injuries to co-workers on account of carelessness or negligence.	III	IV	V	VI

B. OFFENSES AGAINST PROPERTY	1 st	2 nd	3 rd	4 th
1. Malversation of Company funds.	VI			
2. Stealing Company property.	VI			
3. Stealing property belonging to another while inside Company premises.	VI			
4. Attempting to steal from Company; removing Company property from premises without approval from authorized personnel.	V	VI		
5. Willful destruction of Company property.	VI			
6. Damaging Company property thru negligence or reckless, negligent or improper use of company tools and equipment.	III	IV	V	VI

7. Unauthorized use of Company tools, equipment.	I	II	IV	VI
8. Driving or operating Company vehicles without valid license.	V	VI		
9. Vandalism/Graffiti (such as destroying office equipment / furniture; writing/ painting on the walls, restrooms, etc.)	IV	V	VI	
10. Possession of Company tools or property without authority or valid reason for processing the same.	IV	V	VI	

C. FRAUDULENT ACTS	1 st	2 nd	3 rd	4 th
1. Falsifying Company records, reports, receipts, papers or other document.	VI			
2. Falsifying daily time records.	V	VI		
3. Falsifying signatures, using another's name, or acting in the name of the Company without express authority.	V	VI		
4. Falsifying employment records, giving or submitting false statement in applying for employment.	V	VI		

5. Obtaining or attempting to obtain materials in a fraudulent manner.	V	VI		
6. Substituting Company material or equipment with other property.	V	VI		
7. Unauthorized disclosure of information, trade secrets, and unauthorized access to information/data.	IV	V	VI	
8. Unauthorized solicitation in any form such as requests for assistance, contributions and donations either in the form of cash or otherwise.	V	VI		

D. OFFENSES AGAINST PUBLIC MORALS	1 st	2 nd	3 rd	4 th
1. Using indecent, abusive, derogatory and/or indecorous words whether verbally or used in letters or communications addressed to the Company or to any of its officers.	IV	V	VI	

2. Circulating false or malicious information tending to malign or besmirch the good name of the Company or any of its officers.	IV	V	VI	
3. Taking part in or promoting any gambling or any other game of chance or unauthorized lottery on Company job-site.	IV	VI		
4. Committing immoral, indecent acts, or willful indecent exposure inside company premises, property or job sites.	I	II	IV	VI
5. Using profane or obscene language in addressing another person on Company premises, property or job sites.	I	II	IV	VI
6. Exhibition or distribution of pornographic materials including possession of the same in Company worksites.	I	II	III	IV
7. Engaging in illicit relationship with co-employee under scandalous circumstances or affecting work performance.	V	VI		

SEXUAL HARASSMENT

Commission of sexual harassment or any of the sexually improper conduct defined under the Company Rules and Regulations Implementing the Anti-Sexual Harassment Act of 1995 shall be penalized pursuant to the said rules.

E. OFFENSES AGAINST SECURITY	1 st	2 nd	3 rd	4 th
1. Neglect use of ID or any other system of identification provided or required by the Company; or giving ID to any other person not entitled to it.	I	II	III	IV
2. Unauthorized possession of ice-picks, clubs, other deadly articles or bladed instruments such as hunting knife, balisong knife, “tres cantos”, dagger etc., inside the premises of the company.	V	VI		
3. Illegal possession of explosives within the premises of the company.	VI			
4. Refusing to submit to Company authorized security personnel in the performance of their duties.	I	III	VI	

5. Refusal to submit to or disobedience or failure to meet or observe security requirements or regulations of the Company.	I	III	VI	
6. Engaging in sabotage.	VI			
7. Entering restricted areas without specific permission.	I	III	VI	
8. Conviction of a crime or felony involving moral turpitude.	VI			
9. Unauthorized disclosure or giving away without authorization restricted Company information or other data of confidential nature to any person not authorized to acquire or possess such information or data.	V	VI		
10. Reporting for work obviously under the influence of liquor or dangerous drugs as listed under the Dangerous Drugs Act of 2002.	V	VI		

11. Bringing in or attempting to bring inside Company premises, property or jobsites, alcoholic beverages or any dangerous drugs.	V	VI		
12. Drinking any alcoholic beverage or use of dangerous drugs on Company premises.	V	VI		

F. LOAFING DURING WORKTIME	1 st	2 nd	3 rd	4th
1. Leaving work assignment during work hours without previous permission and without reasonable cause.	II	III	IV	VI
2. Engaging in horse-play; officiousness and noisy conduct disturbing the work of other employees.	I	II	III	IV
3. Wasting time or loitering on Company time.	II	III	IV	VI
4. Stopping work before indicated time-out.	II	III	IV	VI

5. Leaving Company premises or jobsite during working time without previous permission of supervisor.	II	III	IV	VI
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G. HABITUAL TARDINESS	1 st	2 nd	3 rd	4th
4. Tardiness without reasonable cause in excess of sixty (60) minutes in any one month or five (5) times in one month.	I	II	III	IV

H. HABITUAL ABSENTEEISM	1 st	2 nd	3 rd	4th
1. Absence without permission or without reasonable cause.	I	II	III	IV
5. Being absent for two consecutive days to one (1) week without permission or without officially filling leave of absence.	III	IV	V	VI

<p>3. Same as above if unauthorized absences exceed seven (7) consecutive days but not more than one (1) month</p> <p><i>Failure to return to work promptly upon expiration of vacation or sick leave shall be considered absence without leave. So that the reason justifying the absence may be considered in excusing the personnel concerned, the same must be received by or communicated to the proper authority within 24 hours from the first day of absence.</i></p>	V	VI		
<p>4. Same as above if unauthorized absences exceed thirty (30) consecutive days.</p> <p><i>Note: The penalties for violation of Paragraph H, Item # 1-4 shall be applied on a yearly basis reckoned on the immediately preceding 12 month period so that every year shall start with the penalty for the first offense.</i></p>	VI			

<p>5. Doing private work during working hours without permission. Selling any kind of articles or lottery tickets, within the premises, without authorization of management.</p>	II	III	IV	VI
<p>6. Sleeping while on duty, in non-guarding or non-tending assignment.</p>	III	IV	V	VI
<p>7. Sleeping while on duty causing damage to property or physical injuries.</p>	V	VI		

I. HEALTH	1 st	2 nd	3 rd	4 th
<p>1. Refusal to submit Annual Physical Examination result</p>	I	V	VI	

J. CONFLICT OF INTEREST	1 st	2 nd	3 rd	4 th
<p>1. Engaging in business or professional activity during working hours, or in any activity that goes against the interest of the Company regardless of whether the same is done during working hours or not.</p>	II	IV	V	VI

2. Writing for an outside publication, delivering outside lectures and attending speaking engagements without the prior consent of the Company.	II	IV	V	VI
3. Participating in civic, political, religious, charitable, educational, cultural, recreational or other similar activities during Company time.	II	IV	V	VI
4. Acceptance of gifts, favors, loans or other material benefits by the employee and/or member of his family from third persons (such as suppliers, and contractors) doing business or desiring to do business with the Company.	II	IV	V	VI
5. Financial involvement in any transaction between the Company and third persons which affects or influences the official judgment of the employee.	II	IV	V	VI

6. Engaging in the business of habitually lending money to employees. (Presuppose that the lending of money is with interest).	II	IV	V	VI
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K. OTHER OFFENSES	1 st	2 nd	3 rd	4 th
1. Unjustified refusal to submit to an official investigation.	IV	V	VI	
2. Offering, asking or accepting any thing of value in exchange for a job, work assignment, work location, or favorable conditions of employment	V	VI		
3. Insubordination, refusing or neglecting to obey or to perform assigned work.	V	VI		

L. OTHER OFFENSES NOT COVERED ABOVE

All other offenses not listed in these Rules and Regulations shall likewise be penalized in a manner and to the extent that the Company shall deem to be just and appropriate according to the circumstances of each case. Supervisors and Managers who willfully condone offenses committed by their subordinates will be subject to the same penalties as the offender would deserve.